Chapter - 1

INTRODUCTION
1.1 INTRODUCTION

The strategy of the Second Five Year Plan was to build up the industrial base of the country by concentrating on heavy industries with long gestation periods and also to meet the needs of minimum consumption and employment by promoting Micro, Small and Medium enterprises. Micro, Small and Medium enterprises generate production at low capital, utilizing indigenous raw materials and local skills, maintaining balanced regional growth and preventing the migration of labour from rural to urban areas.

The Coir Industry is one of the most important traditional small enterprises in India which provides employment to about 6.5 lakhs of people and earns foreign exchange to the tune of Rs. 807.07 crores in 2010-11 (Coir Board, Annual Report, 2010-11). The Development of Coir Industry has taken place in areas where there is concentration of coconut cultivation and availability of coconut husks. The major coconut growing states and union territories include Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra, Goa, Orissa, Assam, Andaman and Nicobar, Lakshadweep, Pondicherry etc.

The manufacture of mat and mattings, generally known as end activities of the coir industry, is an important labour intensive, agro-based industry. While activities relating to coconut cultivation and collection of husk from nuts are agricultural in character, the fibre extraction from the husk, spinning of yarn and rope, curling of fibre, rubberized products, weaving mats and mattings are cottage-based industrial activities undertaken either under organized or unorganized sectors particularly in rural and semi-urban areas employing hand and power driven appliance with trained laborers.

India is the largest coir producer in the world accounting for more than 80 percent of the total world production of coir fibre. The global annual production of coir fiber is about 350,000 metric tonnes. Kerala is the home of Indian coir industry, particularly white fibre, accounting for 61 per cent of coconut production and over 85 per cent of coir products. Although India has a long coastline dotted with coconut palms, growth of coir industry in other coastal states has been insignificant, not more than 50 per cent of the coconut husks is utilised in the coir industry, the remaining being used as fuel in rural areas.

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The Indian Coir Products are in great demand in both the domestic and 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.

A strong and growing internal market is necessary for stimulating further development of the coir industry. Although coir is traditionally a highly export oriented industry, there is a large and growing demand for coir and coir products in the internal market. India is not only the largest producer, but also, the main consumer of coir and coir products in the world. The Indian market constitutes around 45 percent of the world market for coir and coir products. Over 55 percent of the coir produced in India is consumed internally. With the fall in exports since 1970's developing the domestic market was given much importance and in particular Karnataka Coir Industry become increasingly dependent on the home market. Accordingly the decline in the exports was compensated by an increase in the internal demand for coir and coir products.

The Centre and State agencies are play vital role development of Coir Industry viz., Coir Board, Karnataka State Coir Development Corporation and Karnataka State Coir Co-operative Federation. The Coir Board has been adopting various measures for populating coir goods and expanding the domestic market. Measures in the direction include establishment of showrooms and Sales Depots, participation in fair and exhibitions, implementing rebate scheme, organizing generic publicity through print and electronic media. Quality control and providing market development assistance to state supported organizations for enlarging marketing network and participation in exhibitions within the country. Coir and Coir products are marketed in India through private channels, showrooms of the Board and Sales Depots of the apex co-operative societies in Karnataka, Kerala Tamil Nadu and Orissa. A few co-operative societies and rubberized coir manufacturing units have set up their sales outlets.

Karnataka State Coir Development Corporation is adopting various measures for populating coir goods and expanding the domestic market and developing Coir sector in private sector. The specific reasons for the establishment of this corporation are to put coir operations on a commercial scale, to allow it to concentrate on production programmes, to generate employment opportunities to rural artisans, to
provide access to institutional credit which is not available to the Department of Industries and Commerce particularly for financing modernization programmes.

Karnataka State Coir Co-operative Federation has been developed coir sector in the state through co-operative movement. Its other objective viz., to assist and support primary coir co-operative societies, provide training, marketing coir products, technical guidance and implementation of ICDP and Govt. sponsored schemes in coir sector.

1.2 REVIEW OF LITERATURE

Several studies have been conducted on different aspects of coir industry. There is hardly any study of the present type with main focus on marketing of coir products. Some surveys and studies conducted by the individuals and Government organizations paid little attention to the marketing of coir products within the country and the state of Karnataka in particular. A brief review of some important studies on coir industry is presented below.

K. Bhaskaran Unninathan, (1970)\(^1\) has undertaken a study “Coir Industry in India with Special Reference to Marketing and Trade” was the first systematic research work in the field of Coir Industry. This study highlighted the strong as well as the weak point in the structure of Coir Industry in India and identified several problems that industry is facing in the sphere of marketing and foreign trade with the help of secondary data. The author has concentrated on the location factors and various processes in the structure and organization of industry. He has made a detailed analysis of internal marketing through institutional and financial approach. The role and types of intermediaries, co-operative marketing of coir and coir products and some other problems related to marketing such as grading and standardization transporting price trends etc., are explained. Finally the pattern of foreign market, financing of foreign trade and problems of export promotion are also analysed in the study.

M.A. Oommen (1972)\(^2\) examines efficiency indices to guide the choice of technique in traditional industries like coir and cotton. After considering various investment criterion, he argues that a labour intensive technique that would generate a high reinvestible surplus per unit of capital seems to be the desirable technique in any
programme of modernisation of traditional industries. He examines the alternative technologies in fibre extraction and spinning sector of the coir industry in terms of reinvestible surplus. His study of the technological improvements in coir industry leads to the following conclusions. The capital intensity of different techniques varies and it was seen that in terms of growth factors there is a strong case for processes which are more capital intensive as they generate a high rate of surplus and aggregate surplus. However there was also some evidence to show that even from the self of existing technology, economically viable technique generating higher rate of surplus could be sorted out. The main difficulty in the adoption of the machine technique seems to be the displacement of labour. Therefore, the new technique could be introduced with advantage at least in areas where the coir industry is newly established.

The Task Force on Coir Industry (1973)\(^3\) recommended that liberal financial assistance to the industry is necessary to boost production of coir products. Its study covered problems and prospects of the industry and suggested the following:

a) Restructure all the existing co-operative societies (dormant/stick) into viable units and organizing an increasingly larger number of coir workers into co-operative fold.

b) Modernise the industry involving product improvement and product diversification on the one hand and optimum mechanization to suit the needs of modernization.

c) Develop a steady internal market for coir products to meet the growing needs of the industry.

d) Direction by the Central and State Government should be given with regard to use of coir goods in railway, transport services, hospitals, tourist bungalows and state hotels so that the use of coir products could be increased.

e) Suitable action should be taken by the respective government for the early removal of Central State Sales Tax for the promotion of sales of coir products.

M.V. Pylee made an attempt to find out the reasons for the crisis the Coir Industry has faced during 1974\(^4\). He found that the shortage of Coir fibre was the basic cause of the crisis which was due to the imposition of too many control without effective implementation of all at the same time. His study has also dealt with the
attempts of modernization of coir industry, through mechanization. The author remarked that the decline in exports and the rising cost of production must be viewed with concern and urgent steps had to be taken to mechanise and modernize, the coir industry in India in a phased manner without displacing unduly larger number of workers, so as to improve productivity and make the industry economically viable and competitive in the long run. Since the interest of the worker is the major consideration for introducing mechanisation in the fibre extraction sector. Preference should be given to public sector and worker's co-operatives to install and operate the coconut husk beating machine. The export oriented power-loom production with foreign collaboration is primarily designed to manufacture sophisticated coir products. This study also has thrown light up on the strategies needed for export promotion through product improvement and new product through, research and development and advertisement and sales promotion activities.

Alexander (1976)\textsuperscript{5}, unveiled the economic and social importance of coir industry in India. According to him no cottage industry in Kerala engages so many people in manufacture and trade as in coir industry. He opined that maintenance of a uniform quality is the most important factor in stabilising and improving exports and the only way to achieve this is through evolving suitable standards for different types of products and ensuring that export conforms strictly to these quality standards. He stressed the necessity of introducing mechanical spinning and defibering from unretted husk in India. He emphasised the importance of diversification and modernisation of coir products and hoped that Coir Development Scheme could ameliorate the conditions of workers in societies and the necessity of expanding domestic market for the development of coir industry. The author also claimed that Indian coir yarn has good reputation in the foreign markets and there is a tendency of preferring natural fibres to artificial fibres. He also accepts the complexity of the problems of coir as it vitally concerns the lives of tens of thousands of people while it is an industry with great potential for export as well as for internal consumption. He concluded the article stating that as long as coconut palms tower high in the coastal belt of Kerala the coir industry can exist in the country.

Vimal (1976)\textsuperscript{6} described various uses of Coconut pith, which was considered to be a waste. The areas where this can be used include building industry,
manufacture of gasket, agriculture, storage batteries, electroplating, and in rubber compounding. The divergent uses of the pith, which was considered as a waste material holds great potential.

Shamanarayan in his study (1977) highlighted the role of Coir Board in the development of the industry particularly in export trade, restrictions in foreign trade, its impact, role of agencies in the foreign trade and their problems are analysed with due emphasis on developing a strong export market for the product.

Kunhikrishnan (1977) in his article examines the historical relevance of the coconut tree and its various uses. He also mentions that classical literature of India has glorified coconut tree as 'Deva Vkrisha' or Godly tree as it provides a variety of products useful to daily life. The name of the state 'Keralam, itself comes from coconut, Kera+alam (Kera = coconut, alam = land). It is stated that research conducted so far shows that coconut is ideally suited for a balanced plant-animal-human eco-system in which perfect harmony between these three life patterns can be achieved to their natural advantage. The coconut growing areas are characterised by a high density of population and so this crop is a boon to the small farmer.

Puttaswamaiah K. (1980) in his study on the development of Karnataka points out that various economic factors which influence the coir industry such as availability of raw material, presence of skilled labour, transport facilities and proximity to the market.

V.O. Varkey's (1980) Doctoral thesis was a detailed study of the Coir Co-operatives with special reference to Primary Coir Vyavasasya Co-operatives. The study made an attempt to analyse the organization and development of Coir co-operatives, the working of coir co-operatives operating at different stages, the role played by different developmental agencies, besides studying in particular the problems and working of primary Coir Vyavasaya Co-operatives. The socio-economic profile of the coir workers in both co-operative and private sector were also analysed in his study.

Tessy Kurian (1982) emphasized that the Coir Yarn Production is one of the important processes in the coir industry was the subject of analysis. She tried to explain the salient features of the coir industry, the various types of coir yarn and its
end use, spinning of yarn and organisation of production in the yarn, and spinning sector (both hand and mechanized). Her study gave emphasised on the role of co-operatives in the yarn sector as well as various marketing channels and analysed the problems and prospects of coir yarn production in Kerala.

Shah. (1983)\textsuperscript{12}, Ojha. (1988)\textsuperscript{13}, UM Shah. (1988)\textsuperscript{14}, Anjaneyulu and Deshinamurthy (1990)\textsuperscript{15}, Sarnagadharan (1990)\textsuperscript{16}, Thondarson (1990)\textsuperscript{17} have categorically stated that for the multi-dimensional development of co-operatives, professionalism is to be brought in all the functional areas of co-operatives. They have emphasised that co-operatives should develop their own cadre of personnel who are not only professionally competent but also are dedicated to the cooperative values and have stake in the co-operative organisation.

Thampan (1984)\textsuperscript{18} also gives a detailed description of different varieties of coir fibre, scientific process of retting (Mechanical and Chemical Methods), process of extraction of fibre (White Fibre and Brown Fibre), use of piths etc., in his book. The book generated awareness of the varieties of fibre and grades, chemical composition, methods of spinning coir yarn (through traditional hand spinning and ratt spinning) and their advantages. It also gives an insight into the varied uses of coconut palm to the people.

Robin (1984)\textsuperscript{19} in his article narrates the historical background of coir industry, features of labour movement in this sector of Kerala state etc. The article throws light on the caste system that prevails in the Kerala society and how it decays the society and the coir workers. The role and influence of 'moopan' among coir workers is also touched in the article. He also tries to link the labour movement (their militancy and stamina) in coir industry with Punnapra-Vayalar Revolt in 1946 in Kerala.

N. Menon Madhava (1984)\textsuperscript{20} conducted a study on Coir Mat Weaving Industry in Kerala. The study has examined the growth of the development system its child the new putting out system of production and the organization chains in Domestic Small Scale Coir Mat Weaving Sector, the study attempted to analyse the rationales of such a system, the factors encouraged it and its consequences. It had also examined the emergence the structure, the working and the failure of the small scale producers coir mats societies. The study found out that the organization of
production in the coir mats weaving sector changed through the policy out system of production due to the emergence of depot owners which was unfavorable to the weakers and small scale producers in the sector.


Kulandaiswamy (1986)\textsuperscript{32}, Co-operative Fortnightly [Editor] (1987)\textsuperscript{33}, Taimni (1988)\textsuperscript{34} Hynniewta (1989)\textsuperscript{35}, have in their writings expressed concern over the undue influence of bureaucracy in co-operative management. They have viewed that the statutory power granted to the Registrar of co-operative societies enables him to step into the shoes of the Board of Directors of the societies and wield virtual monopoly power which is against the cherished role of a friend, philosopher and guide to the Co-operative Movement. Since continuous progress of co-operatives should be based on local initiative, democratic leadership and managerial competence, it was suggested that deliberate and concerted efforts are called for to de-officialise and de-bureaucratise the co-operative movement.

Ajith Kumar (1987)\textsuperscript{36}, in his work states that coir yarn is the chief item of consumption within the country which is marketed by private traders. According to him domestic market for coir goods has not fully been exploited, particularly for door mats and mattings. Therefore along with the intensification effort for expanding export market for coir goods, efforts should also be made to strengthen the domestic market for withstanding the stress and strain of a fluctuating export market.

Pillai (1987)\textsuperscript{37}, in his article, while explaining various measures taken by the central and state governments for the development of coir industry and coir societies, reminds that 85 percent of the coir products are marketed in the internal market and finds it very difficult to catch the external market. He also suggests to implement
mechanisation in the husk beating sector and to try to reduce the workers of this sector.

Gopalan Nair (1987)\(^{38}\), while explaining the relevance of coir industry and coir co-operatives in Kerala finds out that the traditional decentralised nature of the coir industry was the major factor that retarded effective quality control. He also has given a brief picture of the technology improvement attempted by the Coir Board and observes that it was essential for reducing human drudgery to a great extent. He identifies that co-operatives are the best agency for effective transformation of results of research to the industry.

Malik (1988)\(^{39}\), examined the historical background of coir co-operatives in Kerala. According to him until the starting of coir development scheme during 1950-51, there were no organised attempts made to stabilise and strengthen the industry. The industry was depending on the initiative, enterprise and financial resources of the private industrialists. He found out that the weaknesses of central coir societies (not existing now) were due to the shortage of working capital and concluded with a suggestion that coir co-operatives should be strengthened in order to protect foreign exchange earnings and to prevent the throwing of workers out of employment.

Subramonian (1989)\(^{40}\) is against politicians assuming positions in cooperatives. According to him, they will utilise their positions for their own interest which may be against the interest of the society. Therefore according to him cooperatives must develop their own leadership, free from political, communal and other considerations. He also points out that the Registrar of Societies, who was originally visualised as the 'Brahma, Vishnu and Siva' of the co-operative organisation has to perform his regulatory functions dispassionately and effectively. He concludes that we should diagnose the reasons for the failure of societies and find remedies rather than condemn the movement as having failed.

Thomas Issac et al (1992)\(^{41}\), in their book "Modernisation and Employment" explain the crisis in Kerala's coir industry. This book draws the features of the industry during the fifties, traditional process of coir production, the relevance of coir industry in the economy of Kerala, the pitiable conditions of coir workers and improvement in the conditions of the workers through the leadership of militant trade
unionism. It reviews the socio-political, economic and technological factors that effect trends in the coir industry in Kerala. To impart relevance of the industry it cites the value of shipments of coir from Malabar Coast from 1889-1950. It mentions the untapped husk potential in Kerala and suggests that through appropriate measures, the industrial utilization of husk can be increased. This book expresses the view that the policy of unfettered mechanisation is not socially acceptable since coir production is the major source of employment after agriculture in the coastal tracts. However, at the same time it suggests technology choice for reducing the period of retting, mechanisation of fibre extraction and spinning process.

Hemalatha. (1992)\textsuperscript{42} has made an attempt to examine the Coir Co-operative was made by her work deals with study of coir-fed an apex co-operative body in the coir sector. The author mentions about the origin and development of co-operative movement in the coir industry in general and brings out in detail the origin and development, objectives, operations, problems and prospects of coir fed.

Karnataka State Coir Development Corporation (1993)\textsuperscript{43} has made an attempt to examine the potentiality of coir industry in the State, and it is the first official survey in the state. But it has not focused on marketing of coir products.

V. Rajan (1994)\textsuperscript{44} in his study focused on the problems of Primary Coir Cooperatives of Kerala with a special emphasis on the Kayamkulam Project Area (speicalises in the manufacturing of white fibre and yarn) was attempted. The study brought out the significance of primary coir co-operatives in the coir industry, identified the reasons for the poor performance of the coir co-operatives and examined to what extent the workers of this sector were benefited through these co-operative organizations and also analysed the prospects of the reorganization of the co-operatives. This was based on secondary data collected from Bureau of Economics and Statistics, Coir Project Office and number of primary coir co-operatives. Emergence and development of various schemes for primary coir co-operatives have been dealt with in detail. These development schemes have been divided into three phases, first phase is from 1950-1970, and second phase from 1970-1989. Third phase covered the steps taken for the revitalization of co-operatives from 1990. The performance of primary coir co-operatives was analysed
interns of six aspects: organizational, financial, production, technological, marketing and wage structure of workers and conditions of employees.

Sugathan (1995) in his study complains about the negation of the deserving share of assistance to Kerala from central government for coir societies. He suggests for the development of coir sector, restructuring of various agencies Coir Board, Kerala State Coir Corporation, COIRFED, Form Mattings functioning under central and state governments which were formed for the development of the coir sector. He also suggests re-structuring of the activities and giving a democratic working character to Coir Board for getting a deserving share of assistance and justice to coir co-operatives of Kerala. He hopes that the new Economic Policy will help the coir export sector and thereby help coir workers.

Sasi (1995) reveals that the number of coir workers in coir industry has been reduced to 50 percent with the passing of 50 years. According to him this is due to the increased exploitation of labourers and lack of proper attention by authorities in the coir sector. He adds that the majority of coir co-operatives are not functioning and the functioning ones are unable to pay Minimum Wages to the workers. He stresses the need for ensuring co-operation between the private sector and the co-operative sector for the healthy growth of the coir sector. The article demands extension of Government assistance to private coir sector too.

Subhash (1995), narrates the history of coir in India, and reveals that coir spinning started in Kerala during 1854 when two Europeans, having the knowledge of spinning were brought by James Darragh. It flourished because Kerala's coir products were cheaper than European products in the foreign markets. It also mentions the Levy System implemented in Coir Industry and the reasons for its failure.

Sudhakaran (1995) in his technical article, highlights the technique of mechanical extraction of fibre from green husk by ensuring quality. The article has conveyed the information with flow diagram.

Balachandran (1995), narrates the different types of welfare measures adopted by the government for coir workers in Kerala and explains in detail the working of the Coir Thozhilali Kshemanidhi Board and the fund distribution to coir
workers. It states that the distributed fund so far was above Rs. 3 crores to coir workers on several accounts. It also reveals that only 70,000 workers took membership in the Kshemanidhi, which means that Three lakhs workers are yet to become members of this Skhemainidhi.

Anathalavattom Anandan (1995)\(^{50}\) in an article relating to the renovation of coir yarn sector portrayed the pitiable condition prevailing in the area of wages, working conditions etc. of coir workers. He categorically states that the prevailing production system should be changed so as to suit the domestic and foreign market even though there is some displacement of labourers, and urged that some steps need to be taken to remove the doubts and anxiety existing in the minds of coir workers at the time of modernisation. He also advocated for motorised ratt as the need of the day.

Chacko and Parameshwaran Nair (1995)\(^{51}\) have explained in an article, the steps taken by central and state governments for renovation of coir industry in Kerala and recommended various measures for the welfare of coir workers.

Ajith Kumar (1995)\(^{52}\), examines the marketing possibilities of coir and coir products in various countries. European Union accounts on an average more than 65 percent of India's annual export of coir. In Western countries the demand for eco-friendly products are growing. In U.S.A., Sweden and Korea there exists vast potential for using coir as geo-textiles. Ajit Kumar also complains that creative efforts have not been made for convincing the global market about the unique properties of coir, like high resistance to rotting, ability to withstand high velocity water flow etc. He suggests that specific promotional efforts need to be taken to popularise Indian coir products in International market.

KumaraSwami (1995)\(^{53}\), in his article, after giving a short account of the rate of production of various coir products and utilisation of fibre potential in India, stresses the need for diversification of coir products manufacture from traditional lines. He also highlights the importance and superiority of Polycoir as a substitute to wood products.

Veitch (1995)\(^{54}\), in a seminar presentation paper, expressed his view that the specific qualities of coir have not effectively been communicated to neither retail
traders nor ultimate consumers even in the world wide changing approach towards eco-friendly product. He conveys a message to Coir Board that it should vigorously embark on a programme to devise a promotional strategy which will ensure the message to get across loud and clear and not keep the secret to ourselves.

John (1995)\textsuperscript{55} holds the view that coir industry can expect a bright future even in the midst of the cry about the various crises in the sector. World-wide change of attitude towards eco-friendly natural fibres and progress achieved in the diversified use of coir products made him to express such a view.

Damoderan, et al (1995)\textsuperscript{56} in their article about the technologies for diversification of coir products, explains new uses of coconut pith and short fibres. They highlight the low water absorption capability of Polycoir and lightweight brick. They claim that, Polycoir is a potential substitute for wood based products and thereby can significantly contribute to growth of brown fibre sector of the coir industry.

Philip (1995)\textsuperscript{57}, in his study on the role of co-operatives in tribal produce marketing gives a clear cut view of the measures undertaken by co-operatives in solving the marketing problems of the most down-trodden community of the state. The study reveals that the tribal participation in co-operatives is very poor and societies have also failed to produce at least 70 percent of the market value of the produce of tribals. However, the study reveals that only because of the existence of co-operatives, the tribals are able to get a floor price for their products.

Pyralal (1995)\textsuperscript{58} in the study on traditional industries in Kerala, mentions that, in the case of coir co-operatives, despite the large mobilization of workers in support of co-operatives, the performance shows a deteriorating trend over time in terms of employment generation as well as financial viability. The demand for coir products has declined over time and the raw material scarcity has become acute. The co-operatives which paid minimum wages were handicapped in competing with private sector in the input market. In order to make available raw husk at economical price to coir co-operatives government attempted to intervene in the husk market with various control measures. However this step could only worsen the raw material crisis. The
study also opines that the prolonged stalemate has undermined the morale of the work-force and contributed to the bureaucratization of the co-operative structure.

Another study on Coir Industry was made by M.N.V. Nair (1997)\textsuperscript{59}. His study made to the reveal the structure of the Coir Industry with special reference to Employment in Coir Industry.

Fernandes (1998)\textsuperscript{60} gives a brief account of the various projects implemented by the Coir Board for modernisation and development of coir industry. He admits that only one fourth of the total husk is converted into fibre and the uncertainty of raw material availability creates interruption in coir industry.

Cherian (1998)\textsuperscript{61} explains the various uses of coconut pith in his article, and if it is utilised properly the atmosphere pollution of coir industry can also be reduced considerably. He also reveals that in Tamil Nadu a person developed 'coir pith brickete,' which can be used as fuel substitute to LPG or firewood.

Rajendran (1998)\textsuperscript{62} in his article stresses the importance of the export of coir products and the necessity of getting direct financial assistance to coir vyavasaya societies from Coir Board for the revival of sick coir vyavasaya co-operatives. He also suggests that for boosting domestic market for coir goods the rebate details must be published through the media.

Viswambharan (1998)\textsuperscript{63}, in his brief account of history of co-operativisation claims that, under this scheme the exploitation and monopoly practice of private traders and manufactures could be curbed to some extent. Even then he admits that in coir co-operatives several drawbacks have surfaced including malpractice of money, resulting in several societies running at a loss and some remaining dormant which are to be eliminated. He is against blaming coir co-operatives alone for this state of affairs, who carries 2.5 lakh worker members with 50 years of working, in a country like India where one individual alone committed a robbery of 100 crores of rupees from Govt. treasury.

Bavakutty (1998)\textsuperscript{64} expresses his anxiety in an article, on decreasing the labour days provided by Coir Co-operative sector year by year even with very poor wages. While concentrating his observation in Thrissur District, he feels that this grim
situation was due to the lack of availability of raw husk. He demands the involvement of local body Government for ensuring the supply of husk to the Cvscs that belong to their respective areas.

Dev (1998)\textsuperscript{65} highlights that the mechanisation implemented in the spinning sector contributed only harm to this sector and it created a new crisis in the sector.

Vijayachandran (1998)\textsuperscript{66}, in his study on coir societies reveals that the majority of the coir co-operatives in Kerala are not able to meet the working capital requirements for purchase of raw material, payment of wages and meeting other expenses. According to him, the delay in releasing sale proceeds from government agencies, lack of working capital assistance from Government agencies and banks are the major hurdles, which hindered the performance of coir co-operatives in Kerala. He concludes with some suggestion for the improvement of the present situation, of which the important ones are, delegation of authority to the lower levels for avoiding delay in sanctioning assistance and to extend working capital assistance to coir co-operatives on the basis of their performance.

Ajith Kumar (1998)\textsuperscript{67} and (2001)\textsuperscript{68} Sivaramakrishnan (1999)\textsuperscript{69} Ramanatha and Girish (2000)\textsuperscript{70}, give an account of the unique quality of coir geo-textile in soil erosion control and stabilisation of existing slopes and cuttings in highways etc. They highlighted the properties of coir geo-textiles that include totally biodegradable, 100 percent natural, water absorbent, act as a wick in the soil mantle and five to ten years longevity. The high tensil strength of coir fibre protects steep surfaces from heavy flows and debris movement and restoration of terrestrial and aquatic riparian habit. They also find that high lignin content of coir makes it more stiff and durable than other natural fibres. Because of its quality, the green movement, increasing environment alertness, and growing preferences for natural products provide substantial opportunity for coir geo-textiles mainly in the industrialised countries of Western Europe, North America and Japan. They conclude that the versatility of coir and its products and end use applications have no bounds.

Kutty (1999)\textsuperscript{71} in his article, stresses the vital importance of improving the marketing of coir and coir products in India and elsewhere for survival and growth of coir industry. He warns that severe competition facing from synthetic coir products and natural substitute, Machine spun coir yarn and mats from Sri Lanka, and
European Countries may create problems to the industry. Therefore publicity about the unsurpassable quality of Indian coir products is to be accelerated.

Dhanya (1999)\textsuperscript{72} in her report on the problems of women workers in coir industry, focuses on the life style and social conditions of women workers in coir industry. It analyses the socio-economic profile, health problems, and the nature and status of women coir workers. The study reveals the demographic picture of the workers that they were illiterate in most cases. Moreover hard and irregular employment are common features coir industry. The study comes to a conclusion that the improvement of the conditions of coir workers should be the main considerations while thinking about improvement in coir sector and also adds that co-operative sector in coir industry should be revitalised with sufficient funds so as to benefit coir workers too.

Neena (1999)\textsuperscript{73}, in her dissertation examines the working conditions of women workers in the unorganised sector. She, along with portraying the geographical peculiarity of coir industrial area, types of coir yarn, and the hazardous nature of coir work, also examines the social problems connected with coir work and the suffering of women coir workers in the state. The study found out that, coir workers enjoy very low status in the society and the majority of them belong to a particular community and the economic necessity compelled young women coir spinners to engage in this work and work for 8 - 10 hours per day. It also adds that in the unorganised sector women workers are preyed upon by contractors and middlemen who exploit their ignorance.

Abdur Rahman (1999)\textsuperscript{74}, Prabhu (2000)\textsuperscript{75}, Ajith Kurnar (2001)\textsuperscript{76}, in their respective articles, explain the reasons for decreased demand of coir yarn in U.S.A, which was the major market for coir yarn in the globe. The reduction in the area under Hop cultivation, as a consequence of the use of high yielding hybrid varieties is one of the reasons for the reduced of take of coir yarn. Another reason is lack of competition in Indian coir industry, and its continued use the traditional method of production which could not withstand the competition from Sri Lanka in the U.S.A. market and he broke the Indian monopoly in the matter of supply of coir yarn for Hop cultivation. The reasons for this situation were the emotional policies against modernisation and mechanisation of coir industry in India. For retaining the interest of consumers in coir
products it is essential to ensure that items of specified standards of quality are produced and marketed. Earnest efforts on the part of the coir units to institute in-plant quality control [IPQC], on their own is also suggested. The articles conclude with the hope that, the lost market can be regained with the adoption of modernisation in all sections of the industry in the changed scenario when good quality yarn is available for export.

Tommy (1999)77 and Bagchi (2001)78 explain in detail the varied advantages of coirply and coir composites. According to them, considering the shortage of timber and wood products, coirply and coir composites will be an effective eco-friendly substitute. A small unit which produces 40 cubic meters of wood substitute can save 20 acres of deforestation every year. The articles highlights the advantages of coir composites such as 100 per cent wood free, biodegradable, agro-base materials, flame retardant, boiling water resistant and 10-15 per cent cheaper than corresponding grade material.

Chandrasenan (2000)79, in an article requested to the Central Government to retain Floor Price for coir and coir products in order to protect the interests of coconut producers, lakhs of poor coir workers and coir producers. This is not against WTO agreement as domestic market price is less than international market price. He puts forward several arguments for maintaining or raising M.E.P as it affects adversely lakhs of coir workers and small producers, most of whom live below the poverty line.

Scrima (1998)80 in his reported speech on the occasion of 8th State Science Congress in Kerala, opines that coir geo-textiles will not create environmental problems like synthetic materials. He claims that new attractive items can be manufactured by mixing coir fibre with wool, polyster etc.

Christy (2000)81, in his paper presentation relating to coir industry in India, categorically admits that traditional handmade coir products continue to be marketed at a premium price and therefore this section cannot be ignored and it requires development for that particular niche in the market. He expressed the view that export market for coir and coir products has not been fully tapped and promotional efforts are grossly inadequate and calls the managers to gear up their efforts in this area to help the industry to become globally competitive.
Fus-Lu\textsuperscript{82} Dheen Huk (2000)\textsuperscript{82} in his article opined the necessity of bringing all Directorates of traditional industries like coir, handloom etc, under one Directorate for framing a common policy to help these industries effectively.

Venkatappa Rao, et al. (2001)\textsuperscript{83}, Balan (2001)\textsuperscript{84}, Tara (2001)\textsuperscript{85}, Mohanan (2001)\textsuperscript{86}, Anil Kumar, et al. (2001)\textsuperscript{87}, in their respective paper presentations in the international seminar on coir, explain the use and the ways of applications of coir geo-textiles for soil conservation through erosion control. It works as a catalyst and holds soil till the vegetation takes over. Cost advantage of coir geo-textiles pari passu with other conventional erosion control measures is also highlighted in their papers.

Tommy (2001)\textsuperscript{88}, Gopakumar (2001)\textsuperscript{89}, Kalra et al. (2001)\textsuperscript{90}, Sharma (2001)\textsuperscript{91} explain through their presentation the superior quality of coir based products and the need of developing it for substituting timber. Coir, being a natural, environment friendly product should find many uses in building and construction industry. With the production of varied coir based products like coir-cement boards, coir-cement panels, coir-cement blocks, coir-cement tiles etc., it is claimed that in building construction tremendous exploitation of forest resources and destruction of wild life can be avoided. Coir composite board is also having packaging applications.

Lee (2001)\textsuperscript{92} in his paper holds the view that world needs of coconut fibre and coconut product have increased rapidly during the last 10-15 years and many developed countries have developed environmental industries in using natural materials particularly after 1992 Brazil "RIU" declaration. Korea imported 50,00,000 sq. meters of coir geo-textiles for the construction of roads. But that formed only 40 per cent of total market needs. Japan also has the same conditions like Korea. According to him Korea and Japan have the most rapid by increasing demands for coconut related natural material products in the world.

Mukharjee (2001)\textsuperscript{93}, explains the varied uses of coir pith. Though coir pith is considered a waste, it is claimed that it is not at all a waste, it can be converted into wealth and can be utilised for various purposes because of its specific properties like high water holding capacity, bulk density, aeration, hydraulic conductivity, unique
structure, moisture holding capacity and infiltration rate etc. It can also be used as manure, saline soil conditioner, fuel briquettes, particle boards etc.

Goel (2001)\textsuperscript{94}, in his paper stressed the necessity of strengthening the domestic market for coir goods. She also explained the reasons why consumers are not attracted towards coir products. According to him the masses in general are not aware of the various uses and utility of coir and products made of coir. The Government owned undertakings has failed to generate that awareness and thereby attract consumers. Their showrooms are not well maintained and wear a shabby outlook. They do not have sufficient varieties and designs that are presentable. Their style of packing is crude, conventional and remote. He also added that, the participation of private sector in promoting sales of coir goods is a must and for this a suitable policy be chalked out.

Shyam (2001)\textsuperscript{95}, points out the tiny role of India in the world market. According to him in the total export earnings [2000-2001] of India coir and coir goods constitutes only 0.15 per cent and coir industry does not occupy a place it deserves in India's export basket. He emphasises the use of electronic media for trade promotion particularly in the context of globalisation and liberalisation. The adequate flow of trade information, faster communication and e-commerce would be the key to success of any marketing strategy.

Gandhi (2001)\textsuperscript{96}, draw a brief picture of the international business scenario of coir industry in his presentation. According to him global GDP may fall and settle at around 2.5 per cent, which is considered an indication of stagnation leading to the recessionary trends. The scenario has not been encouraging in three major economic regions. With the vast and strong domestic market India will ensure the required growth and insulate it from ill effects of developments in the rest of the world. He hopes that she can achieve export earnings from coir related products with a target of Rs. 1000 crores in the next six years if required measures are taken. These varied measures include strengthening of marketing effort by ensuring the involvement of private NGO's for encouraging imports from developing countries, working for preservation of Environment by discarding harmful synthetic production to replace them where natural substitutes are available and involve reputed chain stores to accept and promote such products more as a social obligation.
1.3 STATEMENT OF THE PROBLEM

The coir industry appears to be suffering with number of irregularities, complex cities and inadequacies. These arise practically at every stage i.e., marketing of coconuts, coir fibre, yarn, rope, mats and matting's. Unfortunately literature on the marketing system procedure, policies and strategy in respect of coir products is insufficiently developed, particularly after the enactment of the Coir Industries Act 1953, by the Government of India. The establishment of Coir Board is the significant event that took place in the annals of Coir Industry in the country. Though there is abundant information on cultivation of coconut and spinning of yarn, there is considerable dearth of studies and research data on marketing of coir products. There is, thus, a need to fill this vital gap in the existing literature on marketing. Besides, Coir Industry has undergone an unprecedented expansion covering all aspects beyond its traditional purview. It has become essential that the research work should be carried out more deeply into strategies and problems both at the macro level and micro level covering coir industry as a whole in Chitradurga District of Karnataka State.

Further, the Coir Industry in Karnataka State has been brought under Government control, total control on some segments, partial and selective control on some other segments of the industry. The marketing of coconut husk is fully decontrolled, whereas partial control is clamped on coir fibre extraction units and total control on mat and mattings. There is absolutely no control on marketing of rubberized coir products under organized sector. It seems that Government tries to control those aspects of the trade which ought not be brought under control and fails to control those aspects which ought to be brought under control. There is a need to review the impact of these controls on marketing of coir products.

This study makes an attempt to examine and analyse both the structural as well as process issues concerning the marketing of coir products at each stage of coir industry in Karnataka. Thus the aim of the study is to understand the marketing pattern structurally at different stages of marketing. This is in tune with the "Integrated Marketing Concept" which, among other things, is based on the assumption that marketing comes into the picture even before production starts and that marketing influences the efficiency and productivity.
1.4 OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To study the development of Coir Industry in Karnataka and India
2. To analyse the structure of marketing of coir products in Karnataka and Chitradurga district.
3. To analyse the marketing cost of coir products and profitability of coir industry
4. To examine the major problems of marketing of coir products and to suggest appropriate remedial measures.
5. A critical review of the efforts made by the Government of Karnataka to improve marketing of coir products and their impact on the development of coir industry.

1.5 HYPOTHESIS

1. The Marketing of Coir Products faces innumerable problems.
2. The functioning of the state agencies have not been effective in eradicating the difficulties of household and tiny units.

1.6 SAMPLE DESIGN

Multi Stage Sampling method has been used for selecting coconut growers and coir industrial units for the purpose of the study. The Study is a case study of marketing of coir products in Chitradurga District of Karnataka state. Chitradurga district has been chosen because of large area under coconut cultivation and production and location of large number of coir industrial units. Out of the 6 taluks in the district, 3 taluks are selected as first stage units of sampling using Random Sampling procedure. In the second stage, 10 villages are selected from each taluk and on the whole covers 30 villages from 3 selected taluks. In the third stage, 10 coconut growers are chosen from each sample village. The study on the whole has covered 300 coconut growers comprising of small, medium and large coconut growers. In addition, among the 14 defibering units existing in the three taluks, out of which six defibering units existing (three proprietary and three partnership units) have been selected. Among the 15 spinning and weaving coir industrial units in the three taluks, three yarn making units, three rope making units and three units manufacturing
mats and mattings have been selected for the study. The study has the reference year 2010-11 and base year 2001-02.

1.7 COLLECTION AND ANALYSIS OF DATA

Primary data required for the study have been collected through personal interviews with the sample respondents with the aid of schedules specially designed to cover the objectives of the study. Other information related to marketing has been gathered through interviews and discussions with coir industrial units, members of the Coir Board, Officials of Karnataka State Coir Development Corporation, Karnataka State Central Coir Federation Limited etc.

Secondary data have been collected from annual reports and various publications of the Coir Board, the Industries and Commerce Department, Government of Karnataka, Coir Research Institute, Karnataka State Coir Development Corporation and Karnataka State Coir Co-operative Federation.

The data was scrutinized, tabulated and appropriate tables were prepared and analysed. Both the Primary and Secondary data collected are meaningfully analysed by using relevant statistical tools such as Trend values, Compound Annual Growth Rate, Linear Growth Rates, Percentages, Co-efficient of Variance are used production of coconuts and coir products and exports of coir products, ANOVA Test applied for marketing channels of coconuts.

1.8 STRUCTURE OF THE THESIS

The thesis has been divided into seven chapters.

The First chapter deals with introduction, review of literature, statement of problem, objectives of the study, the hypothesis, sample design, collection and analysis of data.

The Second chapter reviews the growth of Coir Industry in India with special reference to Karnataka. It deals with the origin and development of coir industry in India and Karnataka, role of coir industry in Indian economy in terms of production, employment potential, consumption and exports of coir products etc.

The Third chapter analyses the marketing of coconuts, viz., cultivation process, structure of marketing, channels of marketing and cost of marketing.
The Fourth chapter deals with marketing of coir fibre viz., procurement of husk, extraction of fibre, structure and organization of marketing, channels of marketing and cost of marketing.

The Fifth chapter covers the marketing of coir products, viz., spinning section, manufacturing section, structure of marketing, channels of marketing and cost of marketing and major problems of coir industry.

The Sixth Chapter deals with the Government of Karnataka and Government of India agencies which are in charge of developing the industry in the State. A critical review of the Government policy, measures for the industry in general and marketing in particular has been presented in the chapter.

The Seventh chapter presents the findings of the study and conclusion, drawn out of the findings and suggestions for the improvement of marketing of coir products.
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