

An Economic Analysis of Prospects and Challenges of COIR Industry

***Dr. Chhavi S. Chaturvedi**

Abstract:

The coir business is a significant employment-generating traditional cottage industry in India. India is the world's biggest producer of coir fiber, accounting for over 80% of global output. Kerala and Karnataka are the top producers of coir and its derivatives in India. The coir business began in Kerala and is now expanding to other coconut-growing regions in India. It is a source of exports and jobs. Product value addition focuses on export market needs. The future of the coir sector is dependent on unconventional goods. The coir sector struggles with a lack of understanding on value-added manufacturing. To promote value-added Coir goods, it's crucial to raise awareness, give training, and push manufacturers to develop them. This industry is crucial for creating jobs and driving economic growth. The coir industry is diversified and dynamic in character. It includes families, cooperatives, NGOs, manufacturers, and exporters. Private coir manufacturers make significant contributions to the export of coir and its products. Private manufacturers account for 90% of coir exports, while cooperatives and government firms make up the remaining 10%. The coir sector creates jobs and revenue in rural regions, contributing to the country's economic growth. The sector employs about 7,00,000 people (as of March 31, 2017, according to the Annual Report of the Coir Board), with the majority coming from rural regions and belonging to economically vulnerable groups. India exports 8% of its coir products to other nations, while the remaining 92% is used locally.

Keywords: Coir, Employment creation, Export potential, Value added product, Rural areas.

Introduction:

India is the leading producer and exporter of coir and coir products. Coir products are now sold to over 80 countries, with the United States accounting for over 40% of total exports. Coir geotextiles and pith are projected to be the primary items to see significant growth in the next years.

Coir pith provides ecofriendly properties. They are often employed to improve soil behavior, minimize erosion, and aid in soil consolidation, ultimately leading to soil conservation. The coir sector provides employment prospects for thousands of individuals by reusing coconut waste. The sector generates significant revenue via the export of coir and its products. It is predicted that exports would exceed 1000 crores by the end of 2020.

The Government of India offers subsidies and training to promote the coir sector in India.

The Indian government supports the coir sector via many developmental institutes, including Coir Board, DIC, TIIC, and SIPCOT. "The District Industries Centre" serves as a nodal agency for pre- and

An Economic Analysis of Prospects and Challenges of COIR Industry

Dr. Chhavi S. Chaturvedi

post-investment phases, offering critical services to small-scale industry entrepreneurs under one roof. Because job prospects are labor-intensive, the coir business offers individuals the opportunity to work for themselves with little investment and effort. It significantly reduces unemployment and underemployment. Increasing coconut husk use from 50% to 60% might provide up to 8,00,000 jobs by 2020. Entrepreneurship Development The coir business offers a fantastic potential for individuals to start and run industrial units without prior expertise. It promotes savings and entrepreneurship, especially in rural regions. Coir entrepreneurs promote the country's socioeconomic welfare. The coir industry mobilizes and utilizes a significant quantity of human resources to promote entrepreneurship, particularly in rural regions, leading to economic growth in the nation.

The coir business produces cash for both owners and workers. Entrepreneurs benefit from increased revenue with less investment and training. Additionally, it provides revenue to those involved in the coir sector. The coir business plays a significant role in reducing unemployment, alleviating poverty, raising living standards, providing income, and safeguarding wealth in India. The goal is to improve the social status of persons living in poverty. Approximately 80% of the women working in the coir business come from economically disadvantaged backgrounds. In India alone, almost half a million people rely on this business for their living.

Migration from rural to urban regions for job and income may result in overpopulation, pollution, and the formation of slums, among other negative outcomes. Establishing and maintaining a coir business may address these issues in Indian society by employing local natural resources and dispersing companies around the nation, leading to balanced regional economic growth.

During the first stage, the Coir industry was founded and run in a conventional manner. Nowadays, it serves as a means of absorbing innovative ideas. They also aid in the transfer of technology from one to the other. Improved technology leads to economic benefits. India now exports 14 coir and coir products to over 105 nations worldwide, resulting in increased foreign currency earnings. Indian coir and coir goods are in high demand in worldwide markets because to its unique properties such as color, design, quality, versatility, pricing, attractiveness, and workmanship. India's coir businesses may benefit from improved international marketing. India's Coir Board and DIC provide subsidies and trainings to promote the coir sector. Subsidies include electricity, capital, and equipment subsidies, as well as tax discounts. The government offers training for coir entrepreneurs and manufacturers to promote the business. Special training programs have been designed for female craftspeople. Trained women will be given with modern equipment to improve employment and incomes.

PROBLEMS IN COIR INDUSTRY

Despite its positive impact on employment and income, the Coir sector lacks support from the government, banks, financial institutions, and lending institutions to provide quality goods and services, compete, create demand, and attract customers in both national and international markets. Despite its potential, India's Coir Sector is experiencing many challenges. The primary issues confronting the coir industry in India are listed below.

Material Issues: Material is the primary input for every industrial enterprise. The coir units' functioning is dependent on the supply of coconut husk. Additionally, coir units have ongoing

An Economic Analysis of Prospects and Challenges of COIR Industry

Dr. Chhavi S. Chaturvedi

challenges in obtaining and using raw materials. India's coir sector faces challenges such as supply shortages, poor quality, and excessive costs.

Labor Issues: Labor is a crucial aspect of manufacturing that impacts an industrial unit's performance.

Coir plants employ many unskilled people with poor productivity compared to other local businesses. Women make up the majority of workers in the coir business, particularly in the spinning and manufacturing sectors, and their productivity is much lower than that of males. Labor issues in the coir business include absenteeism, poor salaries, high turnover, repetitive tasks, and low productivity.

Financial Issues: Coir plants rely heavily on borrowed capital for both formation and operations. These units rely on State Financial Corporations, Commercial Banks, and Creditors for long-term and short-term financial needs, without access to capital markets. Coir units face financial challenges such as delays in borrowing, increased interest rates, security concerns, and strict bank processes. Because coir borrowers often have low credit worthiness, creditors may only lend at hefty interest rates.

Production Issues: Coir units struggle to compete with other small-scale businesses owing to lack of contemporary equipment. Most coir units use traditional techniques and skills to produce coir. Traditional methods and practices contribute to poor output. Coir units have major production challenges such as poor labor productivity, machine malfunctions, low demand, power outages, and excessive power costs.

Marketing Issues: Industrial units encounter significant challenges in marketing completed goods. The coir sector has marketing challenges such as transportation, salesman expenditures, agency engagement, intermediaries charges, alternative goods, market pricing changes, and limited storage facilities.

Inadequate infrastructural facilities hinder the expansion and development of the coir industry in India. Rural coir units often face challenges such as inadequate electricity, water, roads, communication, canteens, and transportation. Inadequate infrastructure may negatively impact coir production quality and quantity, resulting in under-utilization of machine capacity and resources.

Objectives Of the Study

To learn about the country's coir industry.

To identifying challenges in the coir sector.

To identify future potential for the coir industry.

To analyze appropriate policy actions to enhance the coir industry.

Sources of data collection:

Primary Data: Direct interview method, Personal observation method.

Secondary Data: Journals, Magazines, Previous research projects, E-books, Websites.

Type of research: Descriptive Research

Sampling Technique: Simple Random Sampling

An Economic Analysis of Prospects and Challenges of COIR Industry

Dr. Chhavi S. Chaturvedi

Sampling unit: The management personnel of the marketing department of different Coir companies.

Data Analysis: Simple percentage, Frequencies, Tables, Ranking method is used to represent the data

Data Analysis and Interpretation

The study employs simple percentage, frequency, tabular, and ranking methods to analyse the problems and prospects of coir industries in India. Data were collected from **30 coir company owners**, and the responses were categorized under major problem areas and potential prospects.

Major Problems Identified

Problem	No. of Respondents	Percentage (%)
Inadequate Finance	25	83
Shortage of Skilled Workers	20	67
Inadequate Supply of Green Husks	10	33
Traditional Methods of Fibre Production	20	67
Erratic Power Supply	5	17
Problem of Drying Fibres	15	50

Interpretation:

The analysis reveals that the inadequate availability of finance is the most significant problem, cited by 83% of respondents. This indicates that coir entrepreneurs face severe challenges in obtaining sufficient funding from financial institutions, which restricts production and expansion.

Approximately 67% of respondents reported shortage of skilled labour and the persistence of traditional fibre production methods as critical issues. These constraints affect productivity, efficiency, and competitiveness.

The problem of drying fibres was acknowledged by 50% of respondents, primarily due to the climatic dependence of the process. Additionally, 33% of the respondents identified inadequate supply of green husks as a barrier, as it directly impacts the availability of raw materials. Erratic power supply was mentioned by 17%, reflecting infrastructural and operational challenges.

Prospects of the Coir Industry

Prospect	No. of Respondents	Percentage (%)
Entrepreneurship Development	20	67

Suggestions:

Based on the study's results, the following recommendations are made to enhance the performance of coir units: One of the challenges encountered by the study area's coir mill is a shortage of workers.

An Economic Analysis of Prospects and Challenges of COIR Industry

Dr. Chhavi S. Chaturvedi

The state government and Coir Board should promote businesses to produce value-added coir goods like as mats, rugs, and carpets. This will increase earnings and allow them to provide competitive salaries to their employees. Offering competitive salaries may attract workers to coir plants, especially during peak agricultural seasons. As a result, the primary issue of labor scarcity may be resolved.

Small coir facilities confront significant production challenges due to inadequate financing. To help small coir units meet their working capital needs during peak seasons, the government might encourage commercial banks, cooperative banks, and other financial institutions to make loans at subsidized interest rates. Commercial banks, co-operative banks, and financial institutions may hold Coir Loan Melas to address financial challenges associated with running coir units. This may help address the issue mentioned above.

CONCLUSION:

The coir sector was selected for investigation due to its social and economic significance in the region. The industry employs many disempowered individuals, mostly from lower castes and outcastes, with women accounting for the great majority. Coir products are popular in both local and international markets because to its durability, biodegradability, and eco-friendliness. Currently, the business dominates the worldwide market for value-added coir products. Improving value addition and access to technology and information would address most operational challenges. The study's results provide some plausible ideas. Implementing these tips can increase coir unit manufacturing performance.

***Lecturer**
Department of EAFM
Govt. P.G. College Sambher Lake
Jaipur (Raj.)

References:

1. K.Manoharan and R. Ramesh chandran, - Cluster Approach – A New Paradigm for the Sustainable Development of SSIs in Kerala - Journal of Business Studies, Vol.1, No.2, July, 2004, pp.47-50.
2. K.R. Gouri Amma, –Modernisation of Coir Industry||, Journal of Kerala Calling, Vol.XV, No.3, April 2005.
3. Kumaresan, A., “Coir Exports: On the Growth Path”, Facts for you, Vol.30, No. 1, October 2009
4. M. Kumarasamy Pillai, –Towards Self-Reliance in Coir Fibre Production||, Coir News, Vol. XXXIV, No.6, June 2005, pp.37-39.
5. Nagaraj, G., “Exports of coir and coir products from India: An Analysis”, International Journal of Research in Commerce, Economics & Management, Vol.1, No.6, October 2011. Srinivasan, R., “Coir: The Golden Fibre”, Facts for you, Vol. 31, No. 11, August 2011.
6. Shurud, B.S., “Impact of District Centres on the Development of Coir industry”, Facts for you, Vol.24 No.18, May 2004.

An Economic Analysis of Prospects and Challenges of COIR Industry

Dr. Chhavi S. Chaturvedi