



GROWTH AND PERFORMANCE OF COIR INDUSTRY IN ODISHA

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ABSTRACT

In Odisha, coconut is extensively cultivated in the coastal districts like: Puri, Khurda, Cuttack, Balasore and Ganjam, which account for more than 85% of the total production. privatisation of the coir units must be encouraged and more and more financial help should be given to the private units. This will help to a large extent for the development of coir industry in the state. There is a lot more to be done to make the coir industry a modern, sustainable and significant segment of the industrial sector and a major factor in the economy of the country.

KEY WORDS : segment, Liberalization, privatization, abundance, sustainable.

Introduction:

The small scale and cottage industries play a pivotal role in the Indian economy in terms of employment and growth and has recorded a high rate of growth since independence in spite of stiff competition from the large sector and not so encouraging support from the Government. Although Odisha is predominantly agricultural state, industrial sector has vast potential of promoting income and economic activity with high degree of employment. Small scale and cottage industries are crucial for generating large scale employment, promoting high degree of self sufficiency and reducing inter-district disparities in growth. Liberalization and privatization policies of 1991 have adversely affected growth and employment in small enterprises in our state. The registered small scale industries and employment in Odisha to that of All India are only 1.0 % and 2.9% respectively. The growth rate of SSI in pre-liberalisation is above 6.0 % which is less than 5.50 % in post liberalization period after 1991. The percentage growth in net investment in SSI is 14.58 % in 1988-89, 13.37 % in 1989-90 but less than 10.50 % after 1991 till 2009-10. Hence new industrial policy of 1991 has adverse impact on investment and growth of SSI units in the State. In this context, the objective of the paper is to present an expository analysis of the growth, performance and employment of coir industries in Odisha using the conventional tools of empirical study.

Coir industry is one of the traditional cottage industries of India. Coir industry is of great importance to coconut producing states in India as it contributes significantly to the economy of these states. This is because coconut husk, the raw material for coir industry is available in abundance as a by-product of coconut industry in regions of concentrated cultivation. Coir industry in India provides source of income to about 5 Lakhs artisans in rural areas. Women constitute 80% of the work force in this industry. The significance of coir industry is primarily due to the fact that a large number of dalit and economically weaker sections depend for their life and happiness on the prosperity of this industry. In India, generations of men and women inhabiting the coastal regions have tended the coconut palm and under its still cool vaults are found many occupations, the most universal of which is the making of coir fibre and the spinning of coir yarn.

At the current level of production of coir, the industry utilises around 35% of the annual yield of coconut husk in the country. There is the possibility to increase the utilisation of at-least 50% of husk production for industrial purpose. Therefore there exists vast potential for stepping up of production of coir in India. The increased utilisation of coconut husk abundantly available in the coconut growing states of India provide scope for development of fibre processing sector and thereby augmenting rural employment. Coir industry contributes a lot to the economy of the country. It has a very strong export orientation. Coir exports which was Rs. 352.70 Crore (US \$ 88.74 million) in 2003-04, grew to Rs. 605.16 crore (US \$ 137.23 million) in 2006-07 and clocked Rs. 592 Crore (US \$ 145.39 million) in 2007-08. Coir exports valued 572.30 Crore (US \$ 121.76 million) in 2008. The socio economic importance of the industry in the national context is therefore very significant. The increased ecological consciousness had led to interest in renewable raw materials and environmentally safe products all over the world and this provides unlimited opportunity to coir industry to enter the world market offering multiplicity of end uses applications. But the success lies in the industry getting itself equipped with all infrastructural facilities and ensuring availability of adequate raw material making maximum utilisation of the natural raw material potential.

In Odisha, coconut is extensively cultivated in the coastal districts like: Puri, Khurda, Cuttack, Balasore and Ganjam, which account for more than 85% of the total production. But Puri district is the major coconut-producing district of the state. The present study is based on Coir Industry of "Satyabadi Block" of Puri district. Satyabadi Block popularly known as Sakhigopal Block is one of the 314 developmental blocks of Odisha which started functioning from 1st April, 1962. It is situated between 85° 30' East-86° E Longitude and 19°45' North-20°N latitudes within a coastal set up. It is situated just 19 kms ahead on Grand Trunk Road Puri at the shore of Bay of Bengal. Being closer to the Bay of Bengal it carries all these elements which are favourable for the growth of coconut plants. Satyabadi block is surrounded by a large number of coconut grooves for which it is a centre for coconut trading in the Puri district. The nearness of this place from the sea helps the people to obtain higher yield from coconut plantation as compared to other regions. It is an intensified block of coconut plantation, production and marketing in Odisha.

The central Sakhigopal is responsible for 75% of coconut plantation and 82% of total production in the block. Total area of this block is about 124.36 sq.km. Out of 11863 hectares of land area of the block, 14.11 hectares come under coconut plantation. Sakhigopal occupies 1460 hectares of high land which is suitable for intensive cultivation of coconut comprising 6 panchayats of the block like Sri Ramchandrapur, Biraramchandrapur, Biswanathpur, Nuasomeswarpur, Penthapada and Kadua. The businessmen of the locality mainly trade in the nuts of the coconut. Hence the pulfed husks of the nut were being used for fuel. This made the base of coir industries prepared to have a good start. In the study area the upper bark of the coconut that is the husk of the coconut -are pulfed away either to be used as fuel or left useless. The stronger part of the husk with strong fibres which is converted into coir is occasionally used for the purpose of rope making for domestic and agricultural purposes by the lower class people. The coir fibre from the husk has many advantages for domestic use in the modern world. Carpets, mattresses, doorsteps, ropes, wall hangings, ceilings and various toys are being made from coir. The industry engaged the unwilling unemployed people of the region. The presence of agro-climatic condition in the block helped to a great extent to start such an industry. Female labour work force is also employed in this industry.

A comparative study between cooperatively owned and privately owned coir units has been done. The study is based on the sample of 9 coir units of Satyabadi Block in Puri district. For the purpose of the study a sample of 2 cooperatively owned and 7 privately owned coir units is taken into account. The primary data on the capital structure, wage and employment pattern, cost structure, production, sale, profit, rate of return of the sample units has been collected. The analysis is done on an average. All the primary data has been collected annually during 2009-10.

The cooperatively owned coir units are managed by a group of members. These units are working with the share capital investments of the Govt., and its members, assistance from the coir board in grants and subsidies, loan from the banks. Nobody takes special interest for the healthy development of the units and there is no active cooperation among the members. Everyone wants to acquire more and more money of their own. They don't give more stress on the quality and marketing of the products. Though their capital investment is very high, it could not keep pace with the output. That is why the profit is very less or negative. All the cooperative societies are not in a good position and are going to be dead. But this doesn't happen to the privately owned coir units. The entrepreneurs of these units

are guided by profit motive. They tried their best to accumulate more and more of profits from their limited capital investment. These units do not get much financial help from the state Govt. or Coir Board. They invest their own fund and a part from others as loan. The entrepreneurs being the sole owner of the concerning units, could easily guide and manage the unit which is not the case in cooperatively owned units. They also take risk in producing more, adopting new techniques of production and in marketing the products. The profit of these units increases to a sizeable amount.

Capital Structure:

An attempt has been made to compare the capital, employment, wage and cost structure of the cooperatively owned and privately owned coir unit. In the process the production, sale and profit of the concerned units has also been taken into account. A comparative study of the capital structure of the cooperative owned and private owned coir units can be clear from the table – 1.

Table- 1 Capital structure of the Sample Coir Units (2013-2014)

Sl. No.	Particulars	Cooperatively owned	Privately owned
1.	Average capital investment (Rs.)	7,53,296	79,342
2.	Average amount of fixed capital investment (Rs.)	6,25,055	36,150
3.	Average amount of working capital investment (Rs.)	1,28,241	43,185
4.	Average amount of inventory (Rs.)	69,810	13,539
5.	Share of own capital to investment	0.00	0.288
6.	Working to total capital ratio	0.17	0.54
7.	Working to fixed	0.20	8.36
8.	Inventory to total capital ratio	0.04	0.17

Source - Primary Data Collection

The table – 1 reveals the followings:

- The average capital investment in cooperatively owned units is Rs. 7,53,296 which is much higher than the investment in privately owned units of Rs. 79,342. This is because the cooperatively owned units get more assistance from the State and Central Govt. through grants and subsidies. But the privately owned units invest their own fund and a part on loan.
- Working to total capital ratio in case of the cooperatively owned units is 0.17 while it is 0.54 in privately owned units. This is because the capital in cooperatively owned units is much higher than the working capital but this is not in the latter case.
- In the cooperatively owned units, fixed capital remains high than the working capital. But reverse is the case in privately owned units. So the working to fixed capital ratio in private units is higher i.e. 8.36 as against 0.2 in cooperative units.
- Inventory to total capital ratio in cooperatively owned units is 0.04 while it is 0.17 in the private units.

Employment :

The sample study consists of 74 workers in cooperatively owned units and 95 privately owned units out of which there are 65 female and 9 male workers in cooperatively owned units and 80 female and 15 male workers in privately owned sector. The total employment is 169 which constitutes 145 female and 24 male workers. Female workers constitute 88.16% and male workers constitute 11.84% of the total employment. Thus female workers constitute major work force in the coir industry. The employment and wage structure of the concerning coir units can be shown in the table-2.

Table – 2 Employment & wage structure of the workers coir units (2013-2014)

Sl. No.	Particulars	Cooperatively owned	Privately owned
1	Average Employment (No.)	37	14
2	Average income of the Workers (Rs.)	5,780	9,779
3	Average income of the female workers (Rs.)	2,979	9,206
4	Average income of the male workers (Rs.)	14,894	12,833
5	Capital per employment	20,359	5,846
6	Average days of work	262	277

Source - Primary Data Collection

This table-2 reveals the following :

- Average employment of the workers in cooperatively owned units is 37 while it is 14 in the private sector. The number of employment in cooperative units is more than the private owned units.
- Average income of the workers in cooperative units is Rs. 5,780 while it is Rs. 9,779 in privately owned units. This is because production in private units is more than the cooperative units. The workers get wages according to their production. So the average income in terms of wage bill is more than the privately owned units.
- Average income of the female workers in cooperatively owned units is Rs. 2,979 as against Rs. 9,206 in privately owned units. But the average income of the male workers in cooperative units is Rs. 14,894 as against Rs. 12,833 in privately owned sectors. The average income of the male workers is more in cooperative owned units due to the permanent employment of some of its staff and workers. Again the average income of the male workers is more than that of the female workers. This is because the male workers have more productive capacity and are skilled workers.
- Capital per employment in cooperatively owned units is Rs. 20,359 as against Rs. 5,846 in privately owned units. Since the capital investment is more in the cooperatively owned units, the capital per employment is more than the private sectors.
- In cooperative owned units an average of 262 days and in private owned units 277 days of work is done per annum in 2006-07. In 2006-07, the days of work in the coir units has decreased to a great extent due to the super cyclone in Orissa in October, 1999. The cyclone has devastated the coir units. The units remained closed for about 2 months.

Cost Structure:

The cost structure of the cooperatively owned and privately owned units can be shown in the table.-3.

Table -3 Cost structure of the sample coir units

Sl. No.	Particulars	Cooperatively owned	Privately owned
1.	Average cost of production (Rs.)	4,16,725	2,74,771
2.	Labour cost per total cost	0.39	0.48
3.	Raw-material per total cost	0.29	0.45
4.	Average labour cost (Rs.)	1,63,869	1,32,725
5.	Average raw material cost (Rs.)	1,23,411	1,25,237
6	Average energy cost (Rs.)	49,000	1,312

Source - Primary Data Collection

The table-3 reveals the followings:

- Average cost of production in cooperatively owned units is Rs. 4,16,725 as against Rs. 2,74,771 in privately owned units. The cost of production in cooperatively owned units is more because of their more production, labour, employment, labour cost. Above all their managerial expenditures are more than the private units. The cooperative units have more scope of expanding their production but they could not use to its full extent. The average cost of production in private sectors is less due to its comparatively less production, employment and managerial expenditure.
- Labour cost per total cost in the cooperatively owned units is 0.39 and in private units is 0.45 labour cost per total cost is more in private units due to its high labour cost in comparison to its cost. But this is not so in cooperatively owned units
- Similar is the case of raw-material cost per total cost. Raw-material cost per total cost in cooperative owned units is 0.29 while it is 0.45 in case of privately owned units. This is because demand for labour is more in case of cooperatively owned units which results in higher wages and hence high labour cost whereas since the private units employ more capital intensive techniques the labour cost is low.
- Average labour cost in cooperatively owned units is Rs. 1,63,869 as against Rs. 1,32,725 in privately owned units and average raw material cost in cooperatively owned units is Rs. 1,23,411 as against Rs. 1,25,237 in privately owned units.
- Average energy cost in cooperatively owned units is Rs. 49,400 as against Rs. 1,312 in privately owned units during 2006-2007. Energy cost is more in cooperative owned units because of their electrically operated heavy machines and energy consumption in buildings. But the private owned units go on their production with more of hand operated machines and their consciousness of their energy expenditure.

Production and Sale:

The production and sale of the concerning units is shown in the table-4 :

Table – 4 Production and sale of the sample coir units

Sl. No.	Particulars	Cooperative owned	Private owned
1.	Average production (Rs.)	4,88,355.00	3,22,624.00
2.	Average sales (Rs.)	4,56,043.00	3,17,162.00
3.	% of sale to total production	93.30	98.30

Source - Primary Data Collection

This table-4 reveals that the average production and sale is more in cooperatively owned units than in privately owned units. This is because the cooperatively owned units get financial help from the government in terms of grants and subsidies and have more scope to expand their production. The average production and sale of cooperatively owned units is Rs. 4,88,355 and Rs.4,56,043 respectively as against Rs. 3,22,624 of average production and Rs. 3,17,162 of average sale in privately owned units.

The percentage of sale to total production in cooperatively owned units is 93.30% as against 98.30% in privately owned units. This is clear from the fact that the cooperatively owned units are not as interested in the sale of their products as the privately owned units. In privately owned units, the entrepreneurs take personal interest in selling their products but this is not the case in case of the cooperatively owned units.

Position of the cooperatively owned and privately owned coir units :

The position of the cooperatively owned and privately owned coir units can be shown in the table-5:

Table – 5 Position of the cooperatively owned and privately owned coir units

Sl. No.	Particulars	Cooperatively owned	Privately owned
1	Average profit (Rs.)	39,316.00	41,870.85
2	Returns to capital	0.05	0.52

Source - Primary Data Collection

The table - 5 shows that the average profit of the cooperatively owned units is less than the average profit of the privately owned units. The average profit of cooperatively owned units is Rs. 39,316 as against Rs. 41,870.85 of the privately owned units. In cooperatively owned units inspite of using a very large amount of capital, the amount of return is very low. Hence the rate of return which is calculated as returns divided by capital investment is very negligible i.e. 0.05 in case of the cooperatively owned units. But in case of the privately owned units the entrepreneurs make their best efforts to maximise profit out of their limited capital invested. As a result the rate of return is very high. In this case, it is 0.52 in the private units.

From the above comparative analysis of cooperatively owned and privately owned coir units, it can be concluded that the cooperative societies in spite of the final assistance from the Govt. in terms of grants and subsidies are not doing well. But the privately owned units are doing well with their limited capital. So privatisation of the coir units must be encouraged and more and more financial help should be given to the private units. This will help to a large extent for the development of coir industry in the state.

Conclusion:

Coir industry is as an agro-based labour intensive cottage/small scale industry. Labour plays a dominant part in this industry. Though capital is necessary for the smooth running of the industry, it does not play an influential role in the growth and productivity of the industry. With very less capital investment, the coir units can be set up. But capital is very essential for the modernisation and quality improvement of the products of the industry. No doubt the coir industry has made rapid strides in many areas in the last few years in the matter of infrastructure creation, welfare of coir workers and promotion of coir and coir products within the country. A number of initiatives have emanated from the Coir Board and with the assistance of the State Govt. and the Central Govt., it has formulated a number of schemes. Some schemes are under implementation and others are in the offing and this has brought about a qualitative change in the way coir industry is working and once the new schemes are implemented, the coir industry is bound to witness major changes, these efforts have resulted in new products being evolved, modernisation of infrastructure and improvement in the working conditions of coir workers.

There is a lot more to be done to make the coir industry a modern, sustainable and significant segment of the industrial sector and a major factor in the economy of

the country. There are many areas of coir industry where research and innovative methods have to be employed for improving potential utilisation of coir, coir wastage and pith, elimination of drudgery implicate in various activities etc. These objectives can be achieved only by modernising infrastructural facilities and up-grading technology. There has been significant improvement in coir production, product development, domestic sale, export of coir and coir products and the Coir Board has formulated plans to further augment production and sale including export in the next few years. Therefore to encourage the artisans to gear themselves in the effort for promoting quality standards in coir industry, suitable incentives may be extended by the coir industry and trade by way of extra remuneration. Efforts should be made for the production of coir geo-textiles, composite boards, as a product diversification. There should be an aggressive marketing effort in the rural areas. Participation in rural melas and selling low cost mats will develop a general awareness of the coir products in the rural masses.

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