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# Production and Encouragement of Coir Products in Pudukkottai District

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## ABSTRACT

The economic development of any country demands industrialization. Though ithas got recognition in our country, it is high time we thought about balanced regionaldevelopment, an important component of industrialization. Rural development forms akey component in a nation's progress towards economic freedom and equality. But themigration of rural people to cities and the ineffective utilization of rural resources standas hurdles to rural development. Hence it is very important to develop and to encouragerural industry by considering its significance on the socio-economic front of the country.Rural or traditional industry, one of the sub-sectors of small-scale industry, has adirect and important influence on sustainable economic development. "Encouragingsetting up of rural industries in the small area is an instrument for not merely attainingpolitical freedom, but an instrument for economic freedom and a foundation of a newsocial order" It is a matter of common knowledge that India is a land of villages andtwo-thirds of its population live in rural areas. The future of India lies in these teemingrural million. It is only from a progressive, growing and dynamic rural society that Indiacould put herself on the desired developmental path. Rural small-scale industries play animportant role under the peculiar Indian conditions. They contribute about half the grossvalue of output originating in the manufacturing sector. At present it contributes 40 percent to exports in the country and provides employment to 13 million.

## 1. INTRODUCTION

How coir industry evolved and reached great heights is an interesting episode in itself. Coir epitomizes the concept of "wealth from waste". Coir has been known and is in use in India for more than 1000 years. Coir industry prospers well only in areas where coconut production is abundant because coconut husk is the raw material for the industry. The development of coir industry began taking root in India alongside the coconut groves. So the history of coir industry can be dated back to that of the fruits of the coconut palm. The Philippines and the Caribbean may have been the early stars in the history of the coconut economy but in later years India made its mark. Coconut has a recorded history of 2000 to 3000 years in the coastal areas of Sri Lanka and South India.

## IMPORTANCE OF THE STUDY

The agro-based traditional rural industry coir is spreading itself at a fast tempo in the southern parts of the country. Being strongly export-oriented from the very beginning, the windfall opportunity offered by the global concern for the environment generated a heat in the industry as its products are totally bio-degradable and eco-friendly. In the changed scenario, any study on this performing sector would be of immense help from a broader perspective. Analyzing cost and returns, resource-use efficiency, returns to scale and problems relating to production in the industry helps to assess

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

the production efficiency of both the small and the medium size units and thereby indicates efficiency and profitability on their scale of operations. The identification of problems which apply brakes in the production of coir fibre would help the owners to take corrective measures wherever necessary. A detailed examination of marketing efficiency undertaken through marketing costs and margins for different channels showed imperfections in the marketing of coir fibre in the study area. The present study, by analyzing the practices, problems and satisfaction level of workers, would help the owners of the units to address the labour issues including working condition so as to make the industry labour-friendly. Therefore, the present study by exposing its potentiality for future growth could be help the industry make an indelible mark in the Pudukkottai district.

## 2. STATEMENT OF THE PROBLEM

India being a land of villages with more than two-thirds of her population living in rural areas, rural industrialization could play a key role in the country as it produces forward and backward linkages in the rural economy. In this context the Rural Small Scale Enterprises (RSSEs) based on local raw materials, skills and technology have been identified as one of the key sectors in the country. Among the rural small-scale industries, coir industry is the oldest agro-based rural industry, which has got the attention of both the enterprising entrepreneurs and the government alike today.

## 3. OBJECTIVES OF THE STUDY

1. To study the human resource practices of the industry in the study area andto measure the level of satisfaction of the workers on the prevailing working conditionsacross their socio-economic factors.

2. To study the major problems in production, marketing and managinghuman resources of the units in the study area.

## 4. METHODOLOGY OF THE STUDY

The methodology of the study the based on analytical tools are important for a meaningful analysis of any research problem. And the reasons for the choice of the study area, the collection of data, the sampling design and the Tools of analysis are described.

## CHOICE OF THE STUDY AREA

The study area of the present research work is Pdukkottai District, Tamil Nadu.Though it is predominantly an agricultural district, now, it stands at the ninth place in thestate in terms of industrial production.

**HUMAN RESOURCE DEPARTMENT IN COIR UNITS OF THE STUDY AREA**

| SL. NO | THE STATE OF PRESENCE | NUMBER OF UNITS | | TOTAL |
|---|---|---|---|---|
| | | SMALL | MEDIUM | |
| 1. | Present | 17(53.13) | 8 (33.33) | 25 (44.64) |
| 2. | Not Present | 15(46.87) | 16(66.67) | 31(55.36) |
| Total | | 32(100.00) | 24 (100.00) | 56 (100.00) |

Source: Primary data

**TABLE NO 1**

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

It is understood from Table - 1 that out of the 52 units, 17 (53.13 per cent) have a separate Human Resource Department whereas 31units (55.36per cent) did not have such a separate department. Among the 24 medium units only 8 units (33.33 per cent) have a separate human resource department and 16 units (66.67 per cent) did not. In respect of the 32 small units, only 17 (53.13 per cent) have a separate department and the remaining 15 units (46.87 per cent) do not.

## 5. STATE OF HUMAN RESOURCE POLICIES

The formulation and execution of well-defined human resource practices ensure a harmonious employer-employee relationship in the organization. As a majority of the coir units did not possess a separate Human Resource Department, it could be observed that the formulation and execution of well-defined human resource policies generally do not exist. The responses and opinions collected from the entrepreneurs showed that though a well-defined human resource policy did not exist, they plan and execute policies informally. Table -2 shows the state of the human resource policies followed in the coir units of the study area.

**STATE OF HUMAN RESOURCE POLICIES IN COIR UNITS OF THE STUDY AREA**

| STATE OF HUMAN RESOURCE POLICIES | NUMBER OF UNITS | | TOTAL |
|---|---|---|---|
| | SMALL | MEDIUM | |
| Formal | 17(41.46) | 8(61.53) | 25(46.30) |
| Informal | 24(58.54) | 5(38.47) | 29(53.70) |
| Total | 41(100.00) | 13(100.00) | 54(100.00) |

Source: Primary data

**TABLE NO 2**

It is clear from Table -2 that out of the total 54 units, 25 (46.30 per cent) have formal human resource policies but the remaining 29 units (53.70 per cent) follow human resource policies informally. Further, the table shows that among the 8 medium units, 8 (61.53 per cent) formulate and execute human resource policies formally in their units, whereas 5 units (38.47 per cent) do not show interest in the formal formulations and execution of such policies. All the small units of the study area also followed know well-defined human resource policy to guide their units on matters concerning their human resources.

## RECRUITMENT AND SELECTION

Employees well-selected and well-placed would not only improve the operational efficiency of the organization but offer significant potential for future replacement. The efficiency of a worker depends upon the quality of the process of recruitment and selection followed and hence a sound recruitment and selection process is vital for the industry. It is to be noted here that workers being mostly casual, a scientific and well planned system of recruitment and selection was not in use in the coir units of the study area. Table- 3 shows the sources of recruitment of workers in the industry.

**SOURCES OF RECRUITMENT OF WORKERS**

| SL. NO | SOURCES | NUMBER OF UNITS | | TOTAL (25 Units) |
|---|---|---|---|---|
| | | SMALL (17 UNITS) | MEDIUM (8 UNITS) | |
| 1. | Through existing workers | 29 (89.66) | 24 (100.00) | 49 (94.23) |
| 2. | Through Supervisors | 32 (96.55) | 29 (95.65) | 50 (96.15) |
| 3. | Through friends and relatives | 9 (6.90) | 5 (4.35) | 14 (5.77) |

ISSN:0971-1260
Vol-22-Issue-4-October-December-2019

| | | | | |
|---|---|---|---|---|
| 4. | Through Partners | 12 (6.90) | 7 (30.43) | 19(17.31) |
| 5. | Direct application | 25(6.90) | 9 (26.09) | 34(15.38) |

Source: Primary data

**TABLE NO 3**

Table 6.3 shows the sources of recruitment of workers in the industry. It is seen from table that all the coir units exploit all the five sources available for the recruitment of workers. However a majority of the units recruit their work force with the help of the existing workers (94.23 per cent) and through their supervisors (96.15 per cent). Other sources are minimally used. The direct application method is the last source.

**TRAINING**

Training is an all-pervasive and universal process taking place all the time and in all organizations. Training is a tool for imparting skills to workers. A worker needs skills to operate machines and to use other equipment with least damage and risk. Training is imparted to both new and old employees.

**NATURE OF TRAINING TO WORKERS**

| NATURE OF TRAINING | NUMBER OF UNITS | | TOTAL |
|---|---|---|---|
| | SMALL | MEDIUM | |
| On the job training | 28 (82.35) | 14 (48.27) | 42 (66.66) |
| Off the job training | 6 (17.64) | 15 (51.72) | 21(33.34) |
| Total | 34(100.00) | 29 (100.00) | 63 (100.00) |

Source: Primary data

**TABLE NO 4**

It is evident from Table - 4 that out of the total 63 units, 42 (66.66 per cent) provide on the job training to their workers which means workers have undergone training after they are placed. 21 units (33.34 per cent) give off the job training before they are placed; however it is not systematic.

**MOTIVATION**

Motivated employees always look for better ways to do a job and improve their efficiency. The types of motivation used by the owners of coir units are presented in Table -5

**TYPE OF MOTIVATION ADOPTED IN COIR UNITS**

| SL. NO | TYPE OF MOTIVATION | NUMBER OF UNITS | | TOTAL |
|---|---|---|---|---|
| | | SMALL | MEDIUM | |
| 1. | Financial | 31 (79.49) | 24 (82.76) | 55 (80.89) |
| 2. | Financial and Non-financial | 8 (20.51) | 5 (17.24) | 11 (19.11) |
| Total | | 39 (100.00) | 29 (100.00) | 68 (100.00) |

Source: Primary data

**TABLE NO 5**

It is understood from Table -5 that out of the total 68 units, 55 units (80.89 per cent) and 13 units (19.11 per cent) follow financial and both financial and non-financial methods of motivating workers. The Table also shows that 31 small units (79.49 per cent) and 24 medium units (82.76 per cent) follow the financial type of motivation to induce their workers.

**MARKETING COST INCURRED BY THE NATIVE TRADERS**

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Vol-22-Issue-4-October-December-2019

Those who operate near the production centers and buy fibre directly from the manufacturers are called Native Traders. They usually sell the fibre to the market traders after accumulating considerable stock in their possession. A majority of the small and medium units prefer them for selling their coir fibre. An analysis of the marketing costs incurred by them was done and presented in Table -6

**MARKETING COST INCURRED BY NATIVE TRADERS (RUPEES PER 100 KG)**

| SL. NO | ITEMS OF COST | COST | PERCENTAGE |
|---|---|---|---|
| 1. | Loading & Unloading | 18.32 | 11.93 |
| 2. | Packing Cost | 7.02 | 4.57 |
| 3. | Weighing Charges | 8.14 | 5.30 |
| 4. | Commission | 24.91 | 16.23 |
| 5. | Transport Cost | 42.00 | 27.34 |
| 6. | Rejection Loss | 19.42 | 12.64 |
| 7. | Establishment Charges | 13.18 | 8.58 |
| 8. | Staffing | 20.61 | 13.42 |
| Total | | 153.60 | 100.00 |

Source: Primary data

**TABLE NO 6**

Table - 6 shows that the total marketing cost incurred by the native trader was Rs.153.60 per 100 kg of coir fibre. The highest marketing cost was incurred on transport which was 42.00 per cent followed by commission charges worked out to 24.91 per cent.Staffing and establishment charges accounted for 20.61 per cent and 8.58 per cent respectively.

## 6. FINDING OF THE STUDY

It is found that the growth of the coir units in Tamil Nadu showed a steady increase year after year and has been making rapid strides during the period under review. As on March 31, 2005, there were 1260 coir units functioning in Tamil Nadu.The researcher found that the trend of World Coir Production showed a decreasing trend during the period of study. The analysis of the compound growth rate showed a negative annual growth rate of 0.79 per cent per annum in world coir production during the study period. It is found that India is well ahead of all the other major coir producing countries in the world and ranked first in world coir production followed by Vietnam, Sri Lanka, Ghana and Malaysia. Its average contribution during the period under review was 460.58 thousand Metric Tonnes.It is found that coir production in India shows a decreasing trend. The compound growth rate indicated that the production of coir in India has decreased by 0.76 per cent per annum during the study period. It is apparent from the analysis that though India's share in world coir production shows a fluctuating trend, it ranged between 46.50 per cent and 47.16 per cent, and reached 50 per cent mark in the world's share. It is found that among the significant coir producing states; Kerala occupies a very prominent place, followed by Tamil Nadu, Karnataka, Andhra Pradesh and Orissa with the average production of 166.80, 104.86, 33.02, 23.65 and 20.24 thousand Metric Tonnes ranking first, second, third, fourth and fifth respectively. It is observed that coir fibre production has increased in Tamil Nadu from 82.98 thousand tonnes to 126.74 thousand tonnes. The increase was nearly one and a half times at the end of the study period than what it was in the beginning. The analysis of the compound growth rate showed an annual growth of 5.05 per cent during the period under review.

The analysis of the marketing cost incurred by the manufacturers per hundred kilogram of coir fibre disclosed that the average marketing cost incurred was Rs.94.25 in channel II and Rs.89.01 in

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Vol-22-Issue-4-October-December-2019

channel III. Among the total marketing costs incurred, irrespective of the channels, transport cost had a higher percentage with an overall percentage of 59.89 followed by rejection loss with 16.58 per cent and loading and unloading with 11.55 per cent. Further, the analysis showed that marketing channel III was found to be cheaper because of the non-payment of commission charges. The analysis disclosed that the marketing cost incurred by the native traders was Rs.101.62 per 100 kg of coir fibre. Among the different marketing costs incurred by them transport cost including loading and unloading and packing, commission and rejection loss together accounted for 80 per cent of total marketing cost. The analysis showed that the total marketing costs incurred by market traders was Rs.106.29 per 100 kg of fibre which was higher than that of the native traders. It was due to the cost of cleaning, polishing, drying and bundling of fibre incurred by them in the terminal market in order to realize a better price, which constituted 39.03 per cent of their total marketing cost. Workers, especially women, work under unhygienic working conditions.

## 7. CONCLUSION

The coir industry was chosen for study because of its social and economic importance to the area. The industry employs vast numbers of the disempowered social sections, mostly of the "lower castes" and "outcastes", an overwhelming majority of them women. It employs more than six lakhs people directly and indirectly and earns foreign exchange to the tune of Rs.300 crores per annum. Coir and coir products make good progress in the domestic as well as international market because of their unique qualities of durability, bio-degradability and eco-friendliness. At present, the industry gets a phenomenal share of 89 per cent of the global market for the value added coir products. In the prevailing scenario of the industry, the present research is a humble attempt to throw light on certain specific areas of the working of the coir units located in Pudukkottai District of Tamil Nadu. The study highlights the problems confronting the industry of the study area. They are not amenable to any quick-fix solutions. Therefore, a right step forward in this connection by the parties concerned lies in the consideration of suggestions offered in the study both in letter and spirit.

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