

# Current Status of the Coir Industry in Kerala: A Critique (2015)

Draft Report  
(for comments and corrections)

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## Contents

		Page No
	Preface	
Chapter I	Introduction .....	1
Chapter II	Coir Manufacturing Companies .....	19
Chapter III	Coir Cooperative Societies .....	57
Chapter IV	Small-scale and Household units .....	109
Chapter V	Observations and Recommendations .....	116
Appendix A	References	
Appendix B	Bibliography	
Appendix C1	Interview Schedule for Cooperative Coir Mattings Society	
Appendix C2	Interview Schedule for Private Entrepreneurs	
Appendix C3	Questionnaire for Mats and Matting Units	
Appendix D	XIIth Five Year Plan of Kerala	
Appendix E	Innovation in Coir Products	
Appendix F	Evaluation Study of Domestic Market Development Assistance Scheme implemented by Coir Board (2008) By APITCO Ltd. Engineering Growth	
Appendix G	Schemes of the Governments (GoK & GoI) for the Promotion of Coir Industry in Kerala	
Appendix H	Coir Kerala 2016	
Appendix I	Tabulated Data and Interpretation	

## List of Abbreviations

AACC	:	Anathalavattom Anandan Coir Commission
ASI	:	Annual Survey of Industries
CBS	:	Coir Board Study
CFC	:	Common Facility Center
CCRI	:	Central Coir research Institute
CICT	:	Central Institute of Coir Technology
CIRC	:	Coir Industrial Relations Committee
COIRFED	:	The Kerala State Co-operative Coir Marketing Federation
CSES	:	Centre for the Study of Economy and Society
CVCS	:	Coir Vyavasaya Cooperative Society
FICEA	:	Federation of Indian Coir Exporters Associations
FOMIL	:	Foam Matgtings India Limited
GoI	:	Government of India
GoK	:	Government of Kerala
ICDP	:	Integrated Coir Development Project
KITCO	:	Kerala Industrial and Technical Consultancy Organisation
MDA	:	Market Development Assistance
MMS	:	Mats and Mattings Societies
MNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MSME	:	Micro, Small and Medium Enterprise
PMI	:	Production Marketing Incentive
PPES	:	Purchase Price (Enforcement) Scheme
PPSS	:	Purchase Price Stabilisation scheme
TN	:	Tamil Nadu
TVCS	:	Thondu Vyavasaya Cooperative Society

## List of Tables

Table No.	Title	Page No.
1.1	Details of the amount spent for the various coir promotion schemes by the Coir Development Department from 2010-11 to 2015 March	1
1.2	Proforma: Export of Coir and Coir Products by Coir Public Sector Undertakings/Coirfed	18
2.1	Current Status of Fiber Export	21
2.2	Wage comparison (based on DA increase ) of daily paid workers including benefits - Mar '13 & June '15	24
2.3	Details of Minimum Wages of Various Industries of Kerala – 1st March 2013 Vs 1st July 15	25
2.4	Quarterly wage comparison on DA increase- Coir Vs Plantation industries – March 2013 to June 2015	27
2.5	Quarterly wage comparison on DA increase- Coir Vs Traditional industries – March 2013 to June 2015	29
2.6	Comparison of Fixed & Variable component in wages – Coir Vs. Traditional Industries – March '13 & June '15	31
2.7	Purchase price increase of Handloom Mats Vs. Coir Tufted PVC Mats from 2007 to 2014	37
2.8	Price difference / Sq.ft between BC1 Mats Vs. Coir Tufted PVC Mats from 2007 to 2014	37
2.9	India's Exports of Coir and Coir Products from 1995-96 to 2014-15	38 -41
2.10	List of Tufters as on 18 <sup>th</sup> Aug. 2015	42
2.11	Estimated number of workers in the coir Industry	43
2.12	Wages - Daily Rated comparison as on 1st Mar. '13 Vs. 1st July. '1	45 & 46
3.1	Coir Cooperative Societies in Kerala	58 & 59
3.2	Proforma: Activities of Coir Co-operative Societies	60
3.3	Details of Coir Projects in Kerala and Kollam circle	65
3.4	Functional Classification –Category-wise 2014-15 Kollam Circle	66
3.5	Operational Summary of CVCS, Kollam Circle	67
3.6	Statement of Output, Kollam Circle (2005-06 to 2014-15)	68
3.7	Stock turnover ratio of Coir Co-operative Society in Kundara Circle	69
3.8	Comparative Income Statement of Vellimon CVCS No. 293 for the year ended 2014 and 2015	70
3.9	Performance Evaluation Statement of CVCS (Kundara Circle) 2013-14	72 & 73
3.10	Statement of Labour Efficiency of CVCS Kundara Circle 2014-15	75 & 76

3.11	Gross Profit/Loss of Coir Co-operative Societies in Karunagapally circle	78 & 79
3.12	Stock turnover ratio of Coir Co-operative Societies in Karunagapally circle	79 & 80
3.13	Comparative Income Statement of Aadhinadu North CVCS No. 488 for the year ended 2014 and 2015	81
3.14	Statement of Labour Efficiency (2014-15) Circle: Karunagapally	82
3.15	Statement of profit or loss for the year 2014-15 (CVCS Karunagapally Circle)	84 & 85
3.16	Summarised Report of Alappuzha Coir Project 2014-15	87
3.17	Volume of Production, Sales and Profit 2014-15: CVCS Cherthala Circle	88
3.18	Comparative Functional Statement of CVCS Under Cherthala Circle	88
3.19	Current Status of Cooperative Societies	105
4.1	Proforma: Product Sector: Mats & Mattings & Small-scale Producer Cooperatives	112

### List of Diagrams

Diagram No.	Title	Page No.
2.1	Quarterly wage comparison on DA increase- Coir Vs Plantation industries – March 2013 to June 2015	28
2.2	Quarterly wage comparison on DA increase- Coir Vs Traditional industries – March 2013 to June 2015	30
2.3	Comparison of Fixed & Variable component in wages - Coir Vs. Traditional Industries – March '13, 2015	32
2.4	Comparison of Fixed & Variable component in wages – Coir Vs. Traditional Industries – June '15, 2015	33
2.5	Comparison - Cost of Raw Material & Labour in Handloom	34
2.6	Comparison - Cost of Raw Material & Labour in Machine-made	35
2.7	Price Comparison between Handloom Coir Mats & Coir Tufted PVC Mats (2007 to 2014)	36
2.8	Estimated number of workers in the coir Industry	44
3.1	Internal Factors Adversely Impacting on Cooperative Societies	107
3.2	External Factors Adversely Impacting on Cooperative Societies	108
5.1	Automatic Spinning Unit	121

The study is conceived not as a typical academic research project. Rather, this is more of a fact-finding investigation – just to assess the current status of the coir industry in Kerala, understand its needs and problems and suggest feasible remedial measures. It is a diagnostic study of cause-effect relationships: why a good number of cooperative societies and small units have failed or struggling to survive and at the same time, how some of them are financially stable and prosperous and ensure 20-25 days of work per month and regular payment. The project tries to learn lessons from the experiences of a good number of primary stakeholders in the industry.

Likewise, the large organized industrial units in and around Alapuzha suffers from restrictions unwittingly imposed by the powerful trade unions in respect of mechanization, optimization of production and productivity and profitability.

The study also examines the large number of household units engaged in retting, beating and spinning and understand their needs. The focus is on primary data collected directly from the various units through personal interactive sessions. This will be supplemented and complemented with the facts and figures obtained from the leaders of trade unions, Coir Inspectors, officials of Coirfed, Coir Board, Coir Development Department, Federation of Indian Coir Exporters Associations (FICEA) and other related institutions.

The Central and the State Governments have done a lot to put the coir industry on the right track. Somehow or other, the performance of the industry except the large units is somewhat disappointing and a good number of workers have lost their jobs and wages. Something is amiss in the management of the coir industry by those who are in charge of it, at the grassroots level. This investigation intends to find out the stark ground realities.

A good number of studies have already been undertaken by the Commissions appointed by the Government, Ph.D scholars, Coir Board and a host of others regarding the various aspects of the coir industry in Kerala and in other states. Among them, studies conducted since 2000 have been gone through thoroughly and their findings are examined. Their findings are very valuable since they reflect the field realities. These were verified in the field and if found to exist even now, they were considered for analysis. Many of their recommendations are found to be very relevant and pragmatic and hence, they are accepted with acknowledgments and gratitude.

The theoretical framework of the study consists of entrepreneurship and principles and norms of modern business management. The traditional industrial sectors such as coir, cashew, handloom, bamboo, pottery and handy-crafts should not be and could not be looked at as sectors ever depending upon the special charity of the government. At best, the government can provide the infrastructural facilities and the initial capital.

## Chapter I

### Introduction

#### 1.1 The background

Coir which is known as “the golden fiber”, is put to a variety of uses, both industrial and agricultural. Coir industry is perhaps the largest industry in the coastal villages of Kerala. The State, with its favourable ecological setting, abundant supply of coconut, and skilled labour, has provided the conditions necessary for its growth and development.

The process of production begins with de-husking, which is largely concentrated in Kerala, as this State produces sufficient quantity of nuts (4,886 million nuts) in 2014-15. (The Hindu, dt., 28-04-2015) In addition to this, facilities like lakes and lagoons for retting the husk and the availability of traditional expertise of the people in coir work also added to the phenomenal growth of the industry in Kerala.

History tells that ancient Greece, Egypt and Rome used coir ropes made in Kerala for the construction of houses, citadels, ship mast and mansions. It was with the arrival of the Portuguese in Kerala that the coir trade spread to the European countries. The British interest on Kerala's coir products made them conduct an exhibition on coir products in London in 1851.

The industry is comprised of fiber making, yarn making, mats and mattings, rubber backed mats, synthetic backed mats, rubberised beds and various other useful products.

The first coir factory in the country was started in 1854 by an Irish man named James Darragh, at Kulachal and Alappuzha. The factory was named, “James Darragh, Smail & Co. Ltd.” with its registered offices in London and New York. The success of Darragh's company attracted many enterprising businessmen to Kerala to set up similar factories in the State for production and export. In course of time, demand for coir and coir products increased and several coir factories in and around Alappuzha came into existence.

After Independence (1947), the foreigners left the coir scene and most of the large factories were closed down. Some of them were taken over by the workers' unions themselves and re-organised on cooperative basis. But, lack of competence of workers to manage the units on commercial basis affected the growth of the coir sector. Coir exports dwindled. Large number of workers lost their employment. (V.S. Jose 2002)

One-third of the villages in the State may be called as 'coir villages' and one-third of land in Kerala is used for coconut cultivation (Coir Board, 2001; GoK, 2009). The industry attracts considerable budgetary support each year from the State and the Central Governments and is also a large earner of revenue through export. In the last financial year, (2013-14) coir & coir products generated about 1630 crores worth of foreign exchange. (Federation of Indian Coir Exporters Associations (FICEA)

The household units are engaged mostly in spinning, weaving and fiber extraction work; of which spinning accounts for 75% of household employment in the industry. The characteristic of this industry is that it is traditional, labour intensive and of a self-employed production structure. It has become the main source of non-agricultural employment in the region in the nineteenth and twentieth centuries (Isaac et al., 1992).

Though modernisation and innovations were introduced in the industry across the twentieth century, the response to mechanisation has been negative in Kerala, during most of these decades. The resistance to mechanisation and large-firm entrepreneurs was at its height from the 1950s to the 1980s, threatening to escort the industry into a long-term technology lock-in. For the local trade unions, efforts at mechanisation actually became the 'struggle' against labour displacement within 'capitalist' mode of production. So strong was the trade union movement in this industry, that most of the literature finds it hard to separate the analysis of technological change in coir from the saga of trade union movement in the State.

From the late 1990s onwards, trade unionism and the coir industry in Kerala slowly began weakening their bond – not out of any ideological defeat, but out of desperation in the industry. Though not a contemporary work, Isaac et al. (1992) is a useful reference for a detailed description of the evolution of technologies for the production of coir fiber. This work also critiques the feasibility of each innovation of synthetic substitutes, far more attractive and less expensive, signalled that only a huge overhaul in the coir industry could save it from the eventual replacement of coir by these substitutes. Also, severe shortages of coconut husks (the chief source of the fiber) and a shortage of young new labour willing to work in this industry gave a further inevitability to consider modernisation very seriously. Due to these two factors, the coir industry slowly became by the 1990s, a 'sick' traditional industry. (Anant Kamath, 2009)



9  
The industry that earlier vociferously resisted technical change and prided on its traditional technologies, now saw itself in critical need for innovation in production techniques. Earning, being on a piece-rate basis, depended principally on productivity, thus necessitating new technologies in place of (or in harmony with) older traditional techniques. By the end of the 1990s, the only path to survival appeared to lay through technological advancement in machinery and in process innovations as well as product innovations.

Introduction of technological change since then has been more of a top-down approach in Kerala, and has only superficially reached the household sector – the broadest part of the industry. In fact, a comprehensive survey of the coir industry by the Centre for the Study of Economy and Society (CSES) in 2008 showed that the majority of households in the State used mostly intermediate technologies, despite the highly subsidised availability and rigorous promotion of advanced innovations across all stages of coir fiber production.

The interesting twist to the tale of the coir industry in Kerala arose in the decade after the 1990s. It was discovered that the solution for survival and prosperity of coir in Kerala lay not only in process innovations, but also in product innovations in the domestic and industrial applications of the fiber and by-products of its production. Until the beginning of the decade, most R&D focused on process innovations at each stage of production of the fiber:

1. Bio-chemical treatment was introduced to replace the polluting and drudgingly slow traditional method of retting (ie. submerging large numbers of coconut husks, bound together, in fresh water for eight to ten months to loosen fibers from the coconut shell).
2. De-fibering machines were introduced to eliminate the unhygienic and potentially dangerous method of manually beating away the fiber from the husk by hand after the retting process; and
3. Spinning machines were introduced whereby, the spinner could simply sit down rather than walk lengthy hours a day in front of hand-operated spinning wheels, spinning the yarn from fiber that was extracted from the coconut after retting and beating.

It was assumed that introduction of innovations in each major stage of creation of coir yarn would result on the whole production process eventually becoming mechanised and more efficient. Earlier studies (Isaac et al., 1992; Rammohan, 1999) focused on the economics of the process innovations such as these, while newer studies and policy documents (Coir Board, 2001; Rajan and Kumar, 2004; GoK, 2009) highlight the product innovations in the coir fiber itself. (Anant Kamath, 2009)

## 1.2 The problem and its significance

In spite of various promotional agencies such as the Coir Board (1953), Coirfed (1979), Kerala State Coir Corporation (1969), the Directorate of Coir Development and other support systems, the State Government feels that the coir industry is somewhat in a crisis situation at present except the large organized units.

DR. K.S. Manoj, MP in the Indian Parliament on 21 March, 2005 spoke about the declining trend in the coir industry in Kerala:

"I would like to draw the attention of the Parliament as well as the Hon. Minister for Agro and Rural Industries to the sad plight of the traditional coir factory workers in Kerala. There are about four lakhs coir workers out of which two lakhs are women. They are working in the traditional sector. There are about 12,000 coir factory co-operative societies. But the future of these coir factory co-operative societies and also those who are working in these factories is in danger.

"Sir, formerly, in order to facilitate production and marketing of coir products, subsidies and rebates were given, but now all the rebates and subsidies are withdrawn. Instead of rebates, MDA, that is, Marketing Development Assistance is given. But this is not given timely. These co-operative societies are not allowed to use the MDA for their day-to-day activities. So, I urge upon the Government that instead of MDA, rebate should be given. Also, formerly, there was minimum export price as well as minimum purchase price for the coir products, but now it is not there. So, the small-scale manufacturers as well as the co-operative societies have to give their products at a very low price. The exporters make them sell their products at a very low price. So, I urge upon the Government that minimum export price as well as minimum purchase price for the coir products should be re-instituted, and instead of MDA, rebates should be given to the coir products."

Inaugurating a national seminar on "Possibilities for Coir Co-operative Sector" at Coir Kerala 2014 by Sri. K.C. Venugopal, Minister, Central Government said that the coir societies play a major role in ensuring jobs to lakhs of coir workers.

“We need to seriously probe the reasons why the benefits are not reaching the coir workers. The Public Sector Undertakings (PSUs) like Coirfed and Coir Corporation should devise measures to help the coir societies which are the lifeline of the traditional coir industry,” he said.

The Minister suggested that the Coirfed should consider allocating mobile fiber extraction machines to the coir societies and help them explore innovations in coir products. He also suggested increasing the work days of coir workers in a month. “Workers are complaining that they are getting work only for five days in a month. We need to increase the number of work days to ensure that they get a decent wage to run their family,” he added.

The coir cooperatives comprising about 800 and odd units, did not prosper in spite of strong financial support and direct supervision by the State Coir Development Department. The same can be said about the 9000 and odd small units as well as the large number of household units. The daily wage is as low as – Rs. 250 – 300 per day, the number of working days per month is less than 20, production and labour productivity is low due to manual labour, bereft of machinery and modern tools and lack of business perspectives and skills among the primary and secondary stakeholders. Job opportunities in the sector are declining and the younger generation is reluctant to take up work in the coir sector. The situation is further complicated by shortage of husks at present and stiff competition from Tamil Nadu, Karnataka and Andhra Pradesh.

A diagnostic analysis of the crisis in the coir sector is necessary in order to arrest its decline and disintegration. Factors (variables) that are responsible for the crisis – internal and external need to be identified and eliminated.

### 1.3 Objectives of the study

1. To assess the current status of the coir industry in Kerala and examine whether the industry is progressing or declining in terms of certain standard parameters. The economics at the micro, meso and the macro levels of the industry will be thoroughly studied from a business point of view.
2. To identify the positive and the negative factors (variables) which impact on the industry and its business prospects. In this respect, the functioning of the various promoting institutions such as the Coir Board, Coirfed, Coir Development Department, Coir Co-operative Societies etc. will be looked into.

3. To examine the scope for mechanizing and modernizing the coir industry, appropriate to the micro, meso and macro levels to enhance productivity and profitability
4. To assess the wage structure and other benefits enjoyed by the workers of the various sub-sectors of the coir industry and examine their adequacy vis a vis the productivity of labour and the paying capacity of the units
5. To elicit the view points of the various primary and secondary stakeholders of the industry for developing appropriate strategies and support systems to rejuvenate the industry and ensure job security and prosperity for the stakeholders.

#### 1.4 Basic Questions

1. What is the need for enrolling 600 – 900 share holders in a typical coir cooperative society while the number of actual workers directly engaged in production is less than 20 and the average number of working days is also less than 20 per month?
2. One of the chronic grievances among the small-scale and household units is that the market price of their products is so low that their net gain is rendered very low and hence, insufficient and unattractive. In this context, it is necessary to find out, who is controlling and fixing the price of coir products in the internal market?
3. What are the local factors that motivate or compel the big coir factories in the Alappuzha – Cherthala belt to set up branch units in the Pollachi – Thoothukudi industrial corridor?
4. In spite of diseases such as mandari, kattuveezhcha, coombu cheeyal, manjalippu, Kerala produces sufficient nuts and husks for the coir industry. Yet, what is it that prevents the local coir producers from mobilizing and procuring sufficient husks from the households and the large number of copra units?

These objectives, basic questions and the methodology given in the project proposal were presented first at a meeting of the representatives of the managements of big organized coir units and later, at a meeting of a group of senior union leaders who are active in the coir sector. Their suggestions were accepted and incorporated.

As indicated earlier, the coir industry in Kerala, except the large organized ones, is in a crisis situation. The cooperative sector consisting of about 800 and odd units, the small-scale sector consisting of about 10,000 units and the public sector units such as Foam Mattings (India) Limited (FOMIL), units of Coirfed etc. are in difficulties. Most of these units were prosperous in the beginning but slowly started declining due to various factors – frequent increase in the price of raw materials, increase in the cost of production leading to low productivity, lack of appropriate mechanization, non-availability of labour when required, mismatch between the cost of production per unit and the price of products in the market and competition from Tamil Nadu and other states. In other words, the coir sector except the large ones, is on the verge of what is known as “industrial sickness”.

### 1.5.1 Definition of industrial sickness

According to Sick Industrial Companies Act, 1985, a unit is defined as sick industrial company where:

- (a) a company is registered for not less than seven years
- (b) It incurred cash losses for the current and preceding financial year.
- (c) Its net worth was eroded.

Even 50% or more of the net worth of the past 5 financial years is eroded because of accumulated losses

### 1.5.2 Definition for small-scale sick units:

- (a) Incurred losses in previous and current year
- (b) Due to cumulative losses, 50% or more of its peak net worth during the past 5 years should be eroded.
- (c) They must have continuously defaulted 4 consecutive installment of interest or 2 half-yearly installment of principal.
- (d) Large small-scale unit – all 3 criteria should be fulfilled
- (e) Small small-scale unit - any 1 of the criteria should be fulfilled

### 1.5.3 Causes of Industrial Sickness

#### a. External causes

- 1) Govt. policy
- 2) Erratic supply of inputs
- 3) Demand and credit restraints
- 4) Technological factors
- 5) Power cuts

- b. Internal causes
  - 1) Outdated technology
  - 2) Financial problem
  - 3) Management problems
  - 4) Labour problems
  - 5) Marketing and sickness

According to Dr. Navaneet Singh, "As per the nature of the sick unit, it can be categorized under three groups viz., Born Sick, Become Sick and Made Sick.

#### 1. Born Sick

Sickness is not always a post-implementation feature. Some industrial projects are born sick from the very inception owing to ill-conceived projects, bad planning and poor appraisal, wrong choice of location and product selection, inadequate market surveys, false fixed investment decisions, poor financial management and one customer – one product, type situation etc. Mostly the units established by the government under social welfare scheme come in this category.

#### 2. Become Sick

Some industrial projects may become sick due to internal causes. In such circumstances, sickness starts at last stage of project implementation as a result of poor management and deliberate diversion of funds. The factors like wrong recruitment and faulty management policies are responsible for this.

#### 3. Made Sick

In this category, sickness is thrust upon them due to external causes beyond the control of the management, mostly attributed to environmental factors such as sudden changes in government policies, technological changes, macro – political, social and economic problems. It is a product of malafide inheritor or weak management policy of entrepreneur.

#### 1.5.4 Causes of sickness in small-scale industry

The different types of industrial sickness in [Small Scale Industry](#) (SSI) fall under two important categories. (Dr. Navneet Singh, 2011) They are as follows:

## a. Internal causes for sickness

15

Internal causes are those pertaining to the factors which are within the control of [management](#). This sickness arises due to internal disorder in the areas justified as following:

- 1) Lack of Finance:  
This including weak equity base, poor utilization of assets, inefficient [working capital management](#), absence of costing & pricing, absence of planning and budgeting and inappropriate utilization or diversion of funds.
- 2) Inappropriate production policies:  
Another very important reason for sickness is wrong selection of site which is related to production, inappropriate plant & machinery, poor maintenance of plant & machinery, lack of [quality control](#), lack of standard research & development and so on.
- 3) Marketing and sickness:  
This is another aspect which always affects the health of any sector as well as SSI. This includes wrong [demand-forecasting](#), selection of inappropriate product mix, absence of product planning, wrong [market research](#) methods, and bad sales promotions.
- 4) Inappropriate Personnel Management:  
This is another internal reason for the sickness of SSIs: inappropriate [personnel management](#) policies which include bad wages and salary administration, bad labour relations and lack of behavioural approach causes dissatisfaction among the employees.
- 5) Ineffective Corporate Management:  
Another reason for the sickness of SSIs is ineffective or bad [corporate management](#) which includes improper corporate planning, lack of integrity in top management, lack of coordination and control.

## b. External causes for sickness

- 1) Personnel constraint:  
The first foremost important reason for the sickness of small-scale industries is non-availability of skilled labour or manpower wages disparity in similar industry and general labour invested in the area.
- 2) Marketing constraints:  
The second cause for the sickness is related to [marketing](#). The sickness arrives due to liberal licensing policies, restraint of purchase by bulk purchasers, changes in global marketing scenario, excessive tax policies by govt. and market recession.

3) Production constraints:

10

This is another reason for the sickness which comes under external cause of sickness. This arises due to shortage of raw material, shortage of power, fuel and high prices, import-export restrictions.

4) Finance constraints:

Another external cause for the sickness of SSIs is lack of finance. This arises due to credit restrains policy, delay in disbursement of loan by govt., unfavorable investments, fear of [nationalization](#).

5) Credit squeeze initiated by the government policies.

1.5.5 Consequences of industrial sickness

- Set-back to employment
- Fear of industrial unrest
- Wastage of resources
- Adverse impact on related units
- Adverse effect on investors & entrepreneurs
- Losses to banks and financial institutions
- Loss of revenue to government

1.5.6 Remedial Measures

1. Steps taken by commercial banks:

- Policy frame work was framed in 1981
- They were responsible in detection of sickness at the early stage
- Ministry were given more responsibility

2. Policy frame work of the govt.

- Remedial measures & excise loan were provided
- Margin money scheme was introduced
- No. of concessions was given by the govt. They are:

1. The Industrial Investment Bank of India: Establishment of Reconstruction Corporation of India to provide all kinds of assistance
2. IRCI converted to IRBI (Industrial Reconstruction Bank Of India)
3. Board for Industrial & Financial Reconstruction: Rehabilitation package - Operating agencies will design the scheme

To conclude, the sick units may be attempted to be turned around through efficient management, change of top level executive and executing a turnaround strategy.



## 1.6 Design of the study

It is felt that there is no need for one more academic type of study, strictly observing the norms of social science research. This is a diagnostic type of inquiry, seeking the causative factors – socio-economic, institutional and the dynamics of the market - responsible for the crisis situation in the industry, with the purpose of developing pragmatic solutions.

We found that a good number of research studies and reports on the various aspects of the coir industry in Kerala (See the list of References) have already been carried out by institutions such as the Dept. of Economics and Statistics, the Coir Board, the State Planning Board, Centre for Development Studies, subject experts, Ph.D. scholars, journalists and others. As the saying goes, there is no need for reinventing the wheel.

### 1.6.1 Review of studies

Hence, the first step obviously, was to go through the reports of these studies in detail and collect facts and figures (secondary data) relevant to the present inquiry – a review of existing literature on the subject. This has provided us an overview of the coir sector and its functioning at present.

The next step was to prepare a list of the major findings of the studies in respect of the MSMEs in the sector. In fact, the present study began from that point onwards. The major findings were verified and validated in the field through primary data. Relevant findings and the new findings were listed for detailed analysis.

Likewise, recommendations given in the previous studies were listed and examined thoroughly in the field for their relevance, validity and feasibility for implementation. And finally, these recommendations/solutions were vetted by the Core Committee on Research (KILE) and also by a few subject experts, representatives of unions and managements.

The primary stakeholders consist of women or men who directly operate micro units, independently or as members of coir cooperative societies and the proprietors of small-scale and medium-scale units. Secondary stakeholders consisting of prominent leaders of trade unions in the coir sector, officials of the Coir Board, Coirfed, cooperative societies, Kerala State Coir Corporation, Coir Development Department (GoK), traders and exporters.

The objectives of the study were discussed several times with the President of Federation of Indian Coir Exporters' Association (FICEA) and the union leaders and finalized.

The design of the study which is explained, in detail, below was discussed and approved by the members of the Core Committee on Research of KILE on 19-09-2015.

In order to gain some understanding of the working of the big units, the study team under the leadership of Sri. Veerakumar, Executive Director, KILE visited Alappuzha on 20.08.2015. There were interactive sessions with the members of FICEA and also representatives of workers on the work-related problems of the companies.

Meanwhile, in response to our request, Sri. M.P. Pavithran, President, Kerala State Small Scale Coir Manufactures' Federation, Alappuzha had promptly sent us a detailed write-up on the current status of small scale units, their needs and problems. It was very helpful.

Just to understand the ground realities, a detailed pilot study was undertaken in October. Members of the study team met the Project Officers of Thiruvananthapuram, Kollam and Alappuzha of the Coir Development Department and sought their help. Their responses were very positive and instructed the Coir Inspectors to assist the study team. The Investigators visited a few cooperative and small-scale units in Chirayinkeezhu, Kollam, Karunagappally and Harippad and had interactive sessions with the Presidents of the societies and Member workers. The team also collected data through observation of the production activities of the units. On the basis of the first hand information collected from the field, the tools for data collection were developed.

#### 1.6.2 Sub-sectors

The coir sector in the State is heterogenous and consists of several sub-sectors such as:

1. the large factories in Alappuzha-Cherthala belt and elsewhere (popularly known as the organized sector)
2. the coir vyavasaya cooperative societies
3. small-scale units (owned by individuals and some cooperatives)
4. household units

Obviously, sample units were selected from each of these sub-sectors based on two criteria:

- (1) consistently successful units which have achieved financial stability and offer regular work for labour
- (2) units that are failing or already failed

### 1.6.3 Tools of data collection

19

1. semi-structured interview schedules were used for collection of data from the CVCS and small units
2. semi-structured interview schedules were used for collecting data from the household units
3. interview guides used for interacting sessions with the representatives of FICEA and unions of employees
4. interview guides for discussion with representatives of Coirfed, Coir Board, Coir Development Department, Coir Inspectors and Secretaries of CVCS

#### 1.6.3.1 Observation

Using a semi-structured observation schedule, the work places and the work-process of coir and coir products, the environment etc were taken note of.

#### 1.6.3.2 Records

There were difficulties in getting basic records from the units as well as from supporting institutions. The presumption is that either the units do not maintain records properly or they are suspicious of the investigators. While responding to questions regarding statistics of production, sales bank deposits, debt burden etc, they did not refer the records. They give facts and figures of their memory. The Investigators were really in helpless situations. Even the supporting agencies were found to be very reluctant to lend their records for perusal. The team had to be satisfied with their annual reports.

### 1.7 Feedback

The major findings of the study were recorded and placed at three group meetings of FICEA representatives, the senior leaders of coir workers' unions and officials of the various supporting agencies such as Coirfed, Coir Development Department, Coir Board etc. The analysis and findings were subjected to positive criticism by the group members and many of their view-points incorporated in the final report. Along with criticism, very valuable, pragmatic suggestions for improving coir industry in Kerala were given by the participants. These were accepted and incorporated in the report after examining their feasibility and viability.

### 1.8 Limitations of the study

During the field work, the investigators experienced difficulty in getting the facts and figures needed for the study according to the prescribed methodology. The large coir factories politely refused access to their business data – especially audited statement of accounts and the changing trends in the international coir market. However, they were cooperative in providing us with information regarding the wage structure and other benefits enjoyed by their work force as well as the operational difficulties they experience due to resistance from labour. The household units are not in the habit of maintaining accounts of their financial transactions. About 400 and odd cooperatives are dysfunctional. The rest, except a few are struggling to survive. In the absence of authentic records, we had to accept whatever they orally expressed. On the other hand, the Coir Development Department provided us with all the facts and figures we needed.

Details of the amount spent for  
the various coir promotion schemes by  
the Coir Development Department

from 2010-11 to 2015 March

Year	Non-plan		Plan		
	Budget Amount (Lakh)	Expenditure Amount (Lakh)	Budget Amount (Lakh)	Expenditure Amount (Lakh)	Percentage of Utilisation
2009-10	616.07	582.64	7170.00 (including the GoI's contribution of Rs. 375 lakh)	7077.35	98.71
2010-11	702.91	636.41	11131.43	10555.08	95.00
2011-12	973.10	968.70	9005.01	8997.50	99.92
2012-13	4100.80	4061.01	10470.00	10238.39	97.79
2013-14	3587.66	2473.80	11637.00	7140.75	61.36
2014-15	6499.15	6322.06	12193.90	6435.44	52.78
2015-16	4407.71	---	11695.00	---	---

Source: Coir Development Directorate 2015-16

Table No. 1.2

Proforma						
Export of Coir and Coir Products by Coir Public Sector Undertakings/Coirfed (Rs. In Lakh)						
Year	Kerala State Coir Corporation		Foam Mattings (India) Ltd.		Coirfed	
	Value	Quantity	Value	Quantity	Value	Quantity
2010-11	10.55	20000 sq.m	3360617	73607	213.97	4567.55
2011-12	Nil	Nil	2598925	51325	179.05	3259.12
2012-13	112.09	25000 sq.m	4379112	56929	150	3376.89
2013-14	245.4	60000 sq.m	7223854	56140	419.47	6428.96
2014-15	416	115000 sq.m	4999807	42386	336.5	6168.79

Source: Coir Development Directorate - 2015

## Chapter II

# Coir Manufacturing Companies

### 2.1 Introduction

Coir industry is perhaps, the most important employment generator among the traditional industries in Kerala. It provided direct and indirect employment for about 5 lakh workers during its glorious years of which 85% were women in the rural areas. In 2013-14, coir and coir products generated about 1,630 crores worthy of foreign exchange.

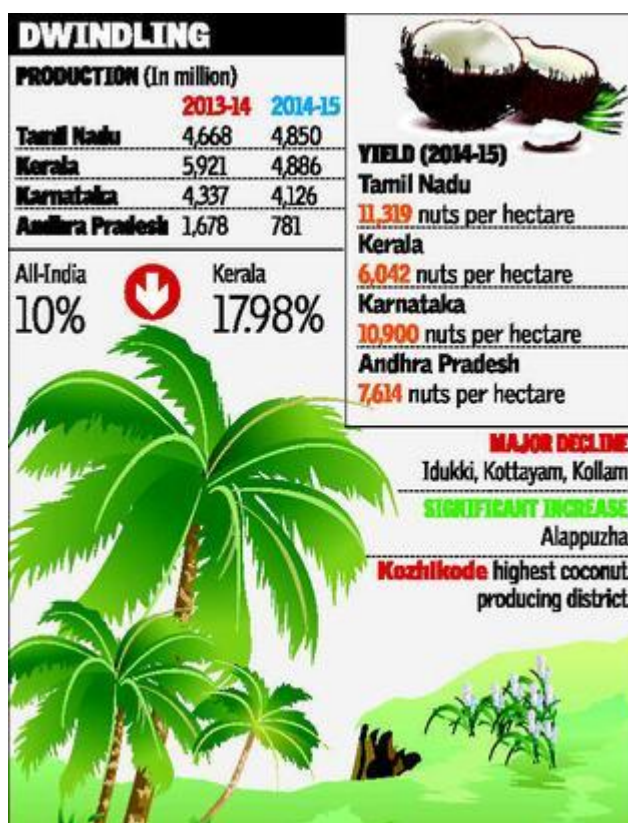
Kerala had a monopoly in coconuts and related industries in the past. The estimated average annual production of coconuts in Kerala comes to 5000 million nuts (2014-15). Only a marginal percentage of these husks is put to industrial use in the State. With the Kerala Land Reforms Act of 1963, the large coconut farms disappeared and the incentive to nurture coconut tree was also lost. At the same time, large coconut plantations started to come up in the other southern states.

The study team visited a few factories and cooperative societies in Alappuzha – Cherthala area on 20.08.2015. In the forenoon, the team visited M/s. William Goodacre & Sons India (P) Ltd., Travancore Coir Factory and Farm Fiber, held discussion with the managements of these factories. The following representatives of the managements participated in the discussions:

1. Sri. John Chacko, Chairman , Federation of Indian Coir Exporters Association (FICEA) and Member CIRC
2. Sri. Sajan. B. Nair, Secretary General, Federation of Indian Coir Exporters Association (FICEA) and Member CIRC
3. Sri. .... (Brother of Sri. M.V. Prasad)
4. Sri. M.V. Prasad, Managing Director, Travancore Mat and Mattings, Cherthala
5. Sri.Vivek Venugopal, Managing Director, M/s. William Goodacre & Sons India (P) Ltd.
6. Sri.Pavithran, Managing Director, Floor Décor
7. Sri. Jose Paul, ManagingDirector, Farm Fiber

Due to the stiff opposition from local trade unions, when mechanical de-fibering machines were introduced, the companies were not allowed to set up such units in Kerala but Tamil Nadu rapidly established several units.

With retting and manual extraction becoming more and more difficult and costly, the yarn-spinning industry started to use more and more un-retted Tamil Nadu fiber. Initially, it was a 10% TN fiber mixed with 90% Kerala retted fiber and this equation slowly shifted to 100% TN fiber for most qualities of yarn. The Kerala coir industry now is more or less dependent on Tamil Nadu for fiber. With the gradual disappearance of the retting activity in Kerala due to ecological and social reasons, the scope of fiber production in Kerala is very minimal.



Source: The Hindu, April 28, 2015

Since Independence, with the disappearance of the European employers, there was a disintegration of large-scale European factories which gave rise to decentralisation of the industry in 1960 into small-scale manufacturing sector which in turn, started supplying semi-finished products to the Indian export companies.

The different layers in the coir sector, in general, are:

1. Fiber extraction

The traditional method of extraction of fiber after retting of husk was totally manual. Now, the fiber extraction is mainly a mechanical process done by highly advanced fiber mills, mostly concentrated in Tamil Nadu. The focus of the fiber extraction mills has shifted to export to China.

Table No. 2.1

## Current Status of Fiber Export

Period	Quantity of Export in Tons	Value in Rs. Lakhs
1999-2000	809.88	117.16
2004-2005	1,350.45	186.03
2009-10	73,074.93	9,742.03
2014-15	219,103.00	41,923.34

This has led to change in the extraction process and the staple length is shorter, leading to more shedding and poor quality of the product. There is a need to develop a process of fiber extraction that can give better quality fiber for the spinning and product sector.

## 2. Spinning

Most of the spinning is done by hand, mostly in the cottage sector, spread along the coast line of Kerala. The co-operative societies and the private sector agents collect this yarn and supply it to the manufacturers and the exporters. With the development of mechanical spinning machines in Tamil Nadu, aggressive efforts are being made by their entrepreneurs to produce and supply mechanically-spun yarn to Kerala. This is a serious threat to the hand-spinning sector from the TN machine-spun yarn. Hence, substantial investment needs to be done in Kerala in the immediate future to enhance mechanical spinning. If not, the spinning sector will have the same fate as the fiber sector and the hand-spun yarn will not be able to compete with the machine-spun yarn.

## 3. Weaving

There are large number of tiny producers in Kerala who weave products in the premises of their houses. They generally have 2 to 3 looms in a shed. The products made by them are supplied to the co-operative societies. With the installation of more and more tufting machines, this sector is on its way to extinction. Already, the PVC tufted product is half the price of the hand-made mat. Unless, there is some serious effort is taken to increase the productivity of the looms, the product becomes less and less competitive with every increase in wages.

## 4. Public sector undertakings (PSU)

The various PSUs of Kerala are the Kerala State Coir Corporation, which procures semi-finished products from the co-operatives & small-scale manufacturers and supplies it to the exporters as per their requirements.

The Kerala State Co-operative Coir Marketing Federation (Coirfed) supplies coir fiber to the spinning sector, converts it into yarn and supplies it to the manufacturers. They also market the products domestically through show rooms. Being Govt. companies, the workers in this sector are paid wages based on the DA index from time to time, bonus and other benefits stipulated by CIRC.

5. Exporters & organized factories at the apex

This is the most important sector of the industry, which brings in foreign exchange. It has large investments and establishments in factories and provides regular employment to a large workforce. Most of the machine-made and value-added products are being produced in these factories through their continued efforts in product development and R&D. By their traditional contacts, goodwill and aggressive marketing efforts, they are always in the forefront in developing the export industry.

The workers in this sector are paid all legitimate wages and benefits as stipulated by labour law. This amounts to CIRC bonus and other benefits, totaling to more than 60%. They employ daily-paid workers as per the DA, from time to time and piece-rated workers (who gets between Rs. 500 - 1,000/- per day without fringe benefits) covered by bilateral long-term agreements (generally, for a three-year period).

6. Finishing factories

These units undertake the finishing work of those exporters who do not have their own facilities or supplement their in-house capacity from time to time. The embellishment work of most of the semi-finished goods produced in the cottage and factory sectors like – sheering, stenciling / printing, bleaching, packing and other related work, are done in these factories. The stenciling workers are paid wages as per CIRC and the helpers are paid mutually agreed wages.

2.2 Wage structure in the organized industries

Since these are large manufacturing units, they are guided by labour laws, policies of the government and the agreements/decisions taken at CIRC. By and large, they are law-abiding and desire peace and harmony in industrial relations so that they could optimize their production and sales without any hassles.

The tables and graphics given below provide an overview of the current wage structure and fringe benefits in the company sector in Kerala.



Table No. 2.2

Wage comparison (based on DA increase ) of daily paid workers  
including benefits - Mar '13 & June '15

<b>ALLEPPEY AREA</b>		
CLI NOV '12	19969	
DA JAN '13(Incl.FDA)	83.432	

<b>ALLEPPEY AREA</b>		
CLI April '15	25044	
DA June '15(Incl.FDA)	104.768	

Wage calculation	Male	Female
	2.583	2.16
D.A for Re.1	83.43	83.43
Plus basic	1.00	1.00
	84.43	84.43
Devaluation increase 22%	18.58	18.58
	103.01	103.01
Devaluation increase 23%	23.69	23.69
	126.70	126.70
Interim increase 10%	12.67	12.67
Total Wage of Re.1/-	139.37	139.37
<b>ACTUAL WAGE</b>	<b>359.99</b>	<b>301.04</b>

Wage calculation	Male	Female
	2.583	2.160
D.A for Re.1	104.768	104.762
Plus basic	1.000	1.000
	105.768	105.762
Devaluation increase 22%	23.269	23.268
	129.037	129.030
Devaluation increase 23%	29.679	29.677
	158.715	158.706
Interim increase 10%	15.872	15.871
Total Wage of Re.1/-	174.587	174.577
<b>ACTUAL WAGE</b>	<b>450.96</b>	<b>377.09</b>

<b>Benefits</b>		
Bonus at 30.04%	108.14	90.43
PF at 11.36%	40.89	34.20
ESI at 4.75%	17.10	14.30
Leave with Wages at 5%	18.00	15.05
Holiday Wages at 4.25%	15.30	12.79
Gratuity at 5%	18.00	15.05
<b>Total</b>	<b>217.43</b>	<b>181.83</b>
<b>Cost to the Company</b>	<b>577.42</b>	<b>482.86</b>

<b>Benefits</b>		
Bonus at 30.13%	135.87	113.62
PF at 11.36%	51.23	42.84
ESI at 4.75%	21.42	17.91
Leave with Wages at 5%	22.55	18.85
Holiday Wages at 4.25%	19.17	16.03
Gratuity at 5%	22.55	18.85
<b>Total</b>	<b>272.78</b>	<b>228.10</b>
<b>Cost to the Company</b>	<b>723.74</b>	<b>605.19</b>

This will give an idea of increase in wages due to the DA element alone since the last wage settlement. Also shown is the impact with total benefits.

Table No. 2.3

Details of Minimum Wages of Various Industries of Kerala –  
1st March 2013 Vs 1st July 15

Industry	Basic	D A	Totals (Rs.)	Basis for DA Calculation
<b>FISHERIES - base CLI Cochin.</b>				
as on 1st Mar. 13	Rs.138	Rs.79.05	217.05	$223 \text{ points} - 130 \text{ points} = 93 \text{ points} \times \text{Rs. } 0.82 = \text{Rs. } 79.05$
as on 1st July 15	Rs.138	Rs.118.08	256.08	$274 \text{ points} - 130 \text{ points} = \text{points} \times \text{Rs. } 0.82 = \text{Rs. } 118.08$
<b>Variance Rs.</b>			<b>39.03</b>	
<b>Variance %</b>			<b>17.98</b>	
<p><i>Note : In the case of time rated and monthly paid employess who have completed not less than 3 years service as on the date of coming into force of this notification , service weightage shall be allowed at 1 % of the revised wages for each completed year of service subject to the maximum of 15 % .</i></p>				
<b>CASHEW - base CLI Kollam</b>				
as on 1st Mar. 13	Rs.180	Rs.58.01	238.01	$24518 \text{ points} - 14850 \text{ points} = 9668 \text{ points} / 5 \times \text{Rs. } 0.03 = \text{Rs. } 58.01$
as on 1st July 15	Rs.180	Rs.83.36	263.36	$28743 \text{ points} - 14850 \text{ points} = 13893 \text{ points} / 5 \times \text{Rs. } 0.03 = \text{Rs. } 83.36$
<b>Variance Rs.</b>			<b>25.35</b>	
<b>Variance %</b>			<b>10.65</b>	
<b>HANDLOOM - base CLI Kannur.</b>				
as on 1st Mar. 13	Rs.118	Rs.85.28	203.28	$224 \text{ points} - 120 \text{ points} = 104 \text{ points} \times \text{Rs. } 0.82 = \text{Rs. } 85.28$
as on 1st July 15	Rs.118	Rs.125.46	243.46	$273 \text{ points} - 120 \text{ points} = 153 \text{ points} \times \text{Rs. } 0.82 = \text{Rs. } 125.46$

<b>Variance Rs.</b>			<b>40.18</b>	
<b>Variance %</b>			<b>19.77</b>	
<b>KHADI - base CLI Kannur.</b>				
as on 1st Mar. 13	Rs.115	Rs.85.28	200.28	<i>224 points - 120 points = 104 points x Rs.0.82 = Rs.85.28</i>
as on 1st July 15	Rs.115	Rs.125.46	240.46	<i>273 points - 120 points = 153 points x Rs.0.82 = Rs.125.46</i>
<b>Variance Rs.</b>			<b>40.18</b>	
<b>Variance %</b>			<b>20.06</b>	
<b>BEEDI - base CLI Kannur.</b>				
as on 1st Mar. 13	Rs.115	Rs.59.71	174.71	<i>2253 points - 1400 points x Rs.0.07 = Rs.59.71</i>
as on 1st July 15	Rs.115	Rs.94.22	209.22	<i>2746 points - 1400 points x Rs.0.07 = Rs.94.22</i>
<b>Variance Rs.</b>			<b>34.51</b>	
<b>Variance %</b>			<b>19.75</b>	
Note :				
1. A minimum production of 900 beedies per day				
2. A minimum of 125 packs per day for labelling.				

For your ready reference please find a graphical representation of the quarterly wage comparison on DA increase – Coir Vs Traditional industries for the period March '13 to June '15

Table No. 2.4

Quarterly wage comparison on DA increase- Coir Vs Plantation industries –  
March 2013 to June 2015

	Mar '13	June '13	Sep. '13	Dec '13	Mar '14	June '14	Sep. '14	Dec '14	Mar '15	June '15
Coir	372.7	375.93	398.49	407.8	414.25	425.35	443.08	444.69	446.3	450.96
Rubber	282.55	286.64	291.39	295.48	302.57	304.65	306.4	312.84	318.88	319.53
Cardomem	227.68	231.77	236.52	240.61	247.7	249.78	251.53	257.97	264.01	264.66
Tea	195.93	200.02	204.77	208.86	215.95	218.03	219.78	226.22	232.26	232.91
Coffee	192.68	196.77	201.52	205.61	212.7	214.78	216.53	222.97	229.01	229.66

For your ready reference please find a graphical representation of the quarterly wage comparison of DA increase – Coir Vs Plantation industries for the period March '13 to June '15

Diagram No. 2.1

Quarterly wage comparison on DA increase- Coir Vs Plantation industries –  
March 2013 to June 2015

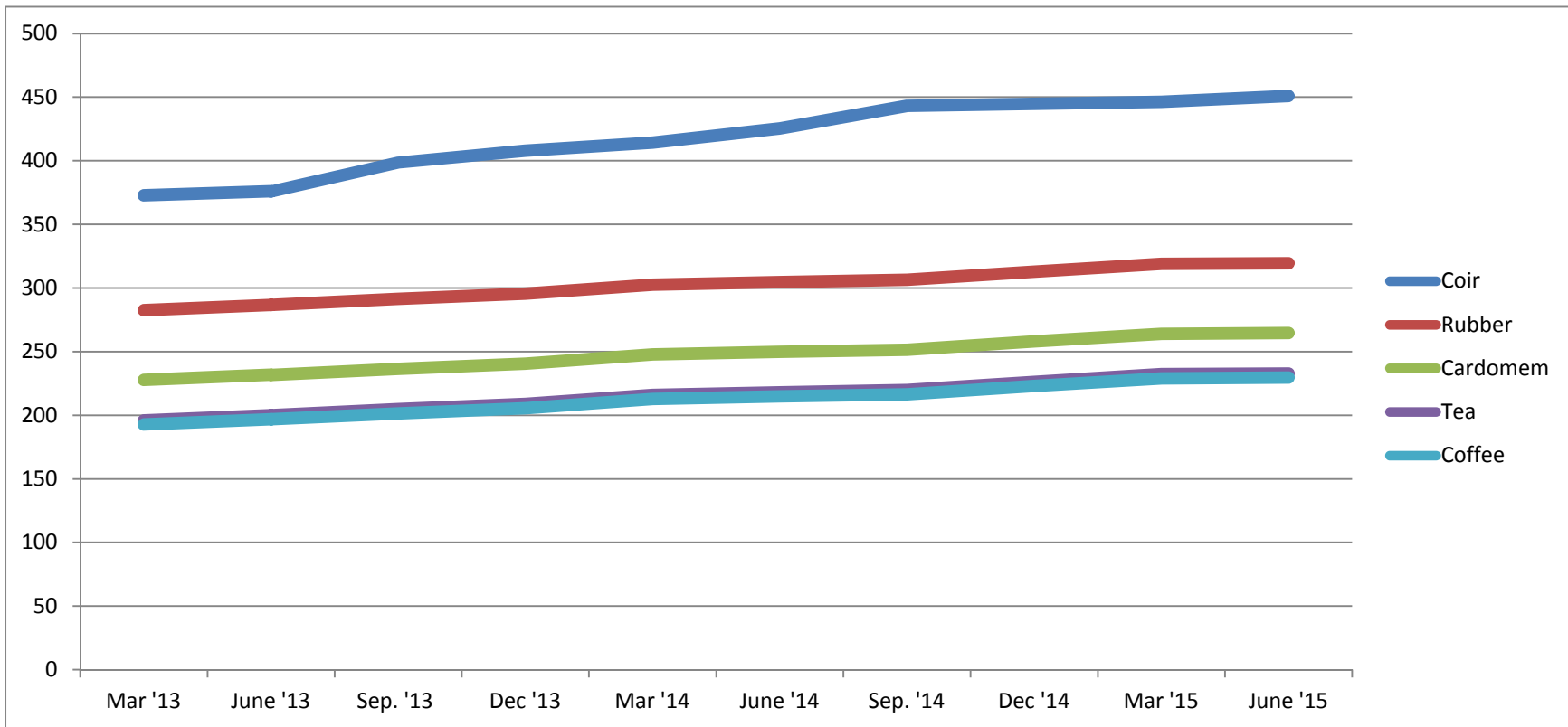


Table No. 2.5

Quarterly wage comparison on DA increase- Coir Vs Traditional industries –  
March 2013 to June 2015

	Mar '13	June '13	Sep. '13	Dec '13	Mar '14	June '14	Sep. '14	Dec '14	Mar '15	June '15
Coir	372.7	375.93	398.49	407.8	414.25	425.35	443.08	444.69	446.3	450.96
Cashew	238.01	241.83	249.42	251.95	253.86	259.53	262.74	263.97	264.65	265.89
Fisheries	214.26	216.72	228.2	232.3	233.12	240.5	248.7	251.16	254.44	256.08
Handloom	203.28	207.38	218.86	222.96	225.42	227.88	236.9	240.18	238.54	243.46
Khadi	200.28	204.38	215.86	219.96	222.42	224.88	233.9	237.18	235.54	240.46
Beedi	174.74	178.26	188.12	191.64	193.75	195.87	203.61	206.43	205.02	209.25

As you note the variable component is far ahead in coir when compared to other industries

Diagram No. 2.2

Quarterly wage comparison on DA increase- Coir Vs Traditional industries –  
March 2013 to June 2015

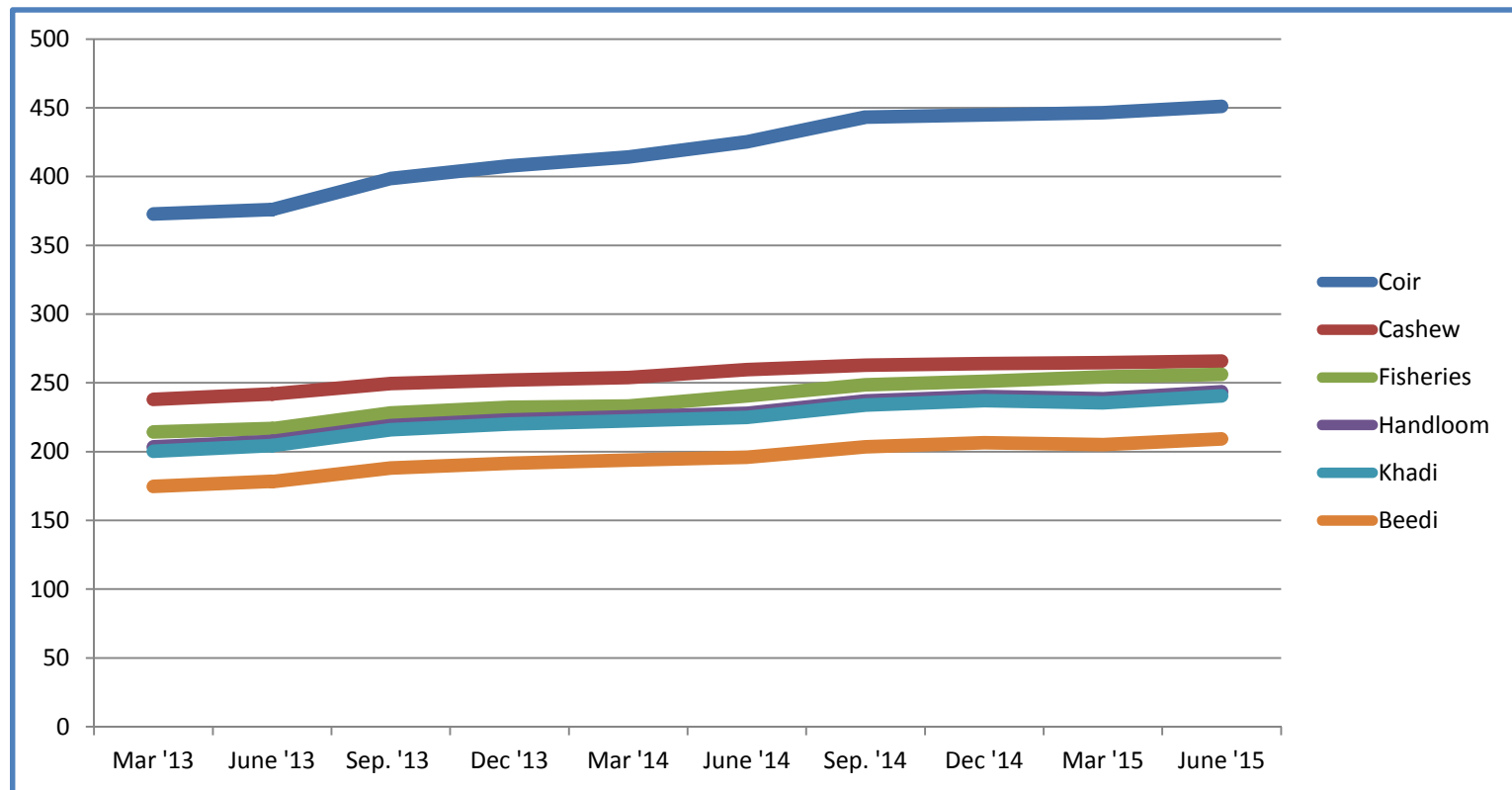


Table No. 2.6

Comparison of Fixed & Variable component in wages - Coir Vs. Traditional Industries –  
March '13 & June '15

	<b>As on 1/3/13</b>					
	<b>Beedi</b>	<b>Khadi</b>	<b>Handloom</b>	<b>Fisheries</b>	<b>Cashew</b>	<b>Coir</b>
Fixed component	115	115	118	138	180	2.583
Variable component	59.74	85.28	85.28	76.26	58.01	370.117
	<b>As on 1/6/15</b>					
	<b>Beedi</b>	<b>Khadi</b>	<b>Handloom</b>	<b>Fisheries</b>	<b>Cashew</b>	<b>Coir</b>
Fixed component	115	115	118	138	180	2.583
Variable component	94.25	125.5	125.46	118.08	85.89	448.377



Diagram No. 2.3

Comparison of Fixed & Variable component in wages - Coir Vs. Traditional Industries –  
March '13, 2015

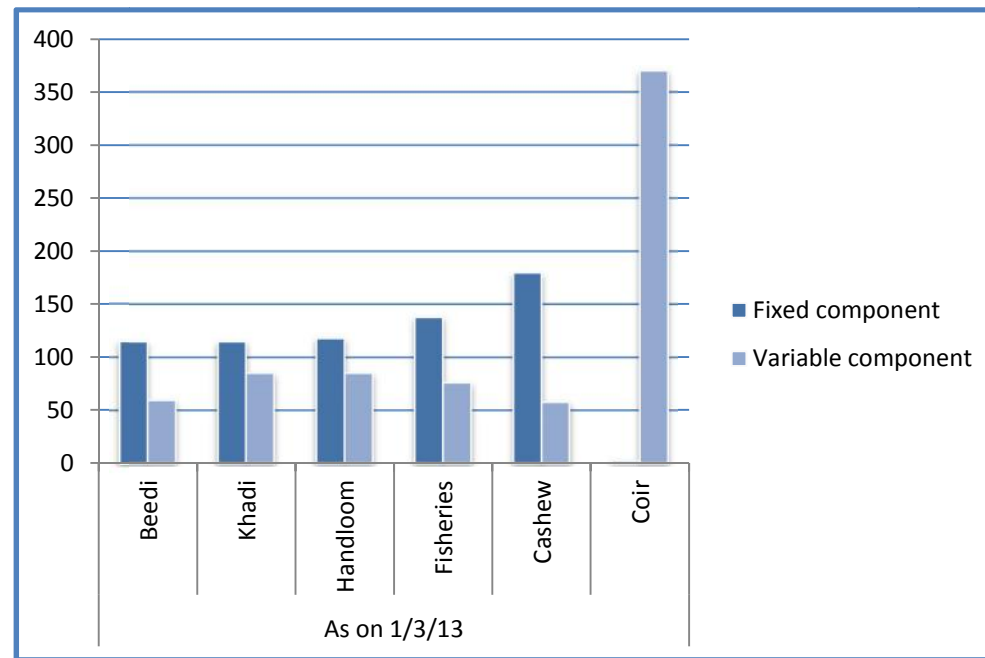


Diagram No. 2.4

Comparison of Fixed & Variable component in wages - Coir Vs. Traditional Industries –  
June '15, 2015

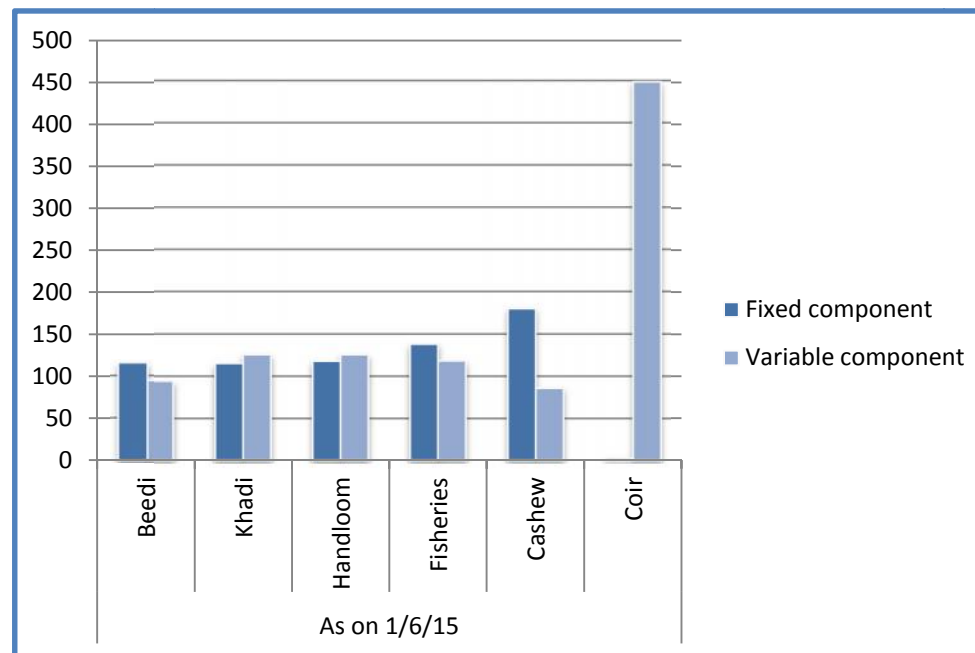


Diagram No.2.5  
Comparison - Cost of Raw Material & Labour  
in Handloom

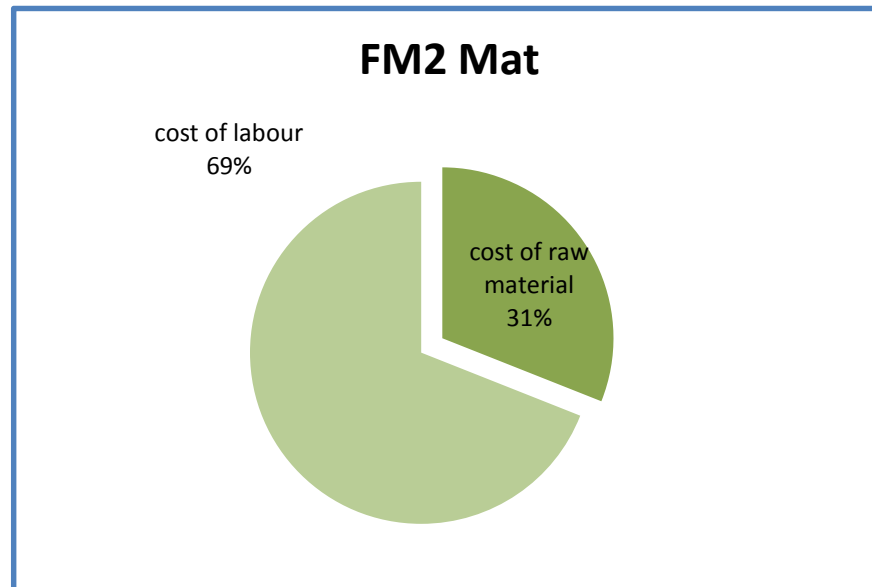


Diagram No.2.6  
Comparison - Cost of Raw Material & Labour  
in Machine Made

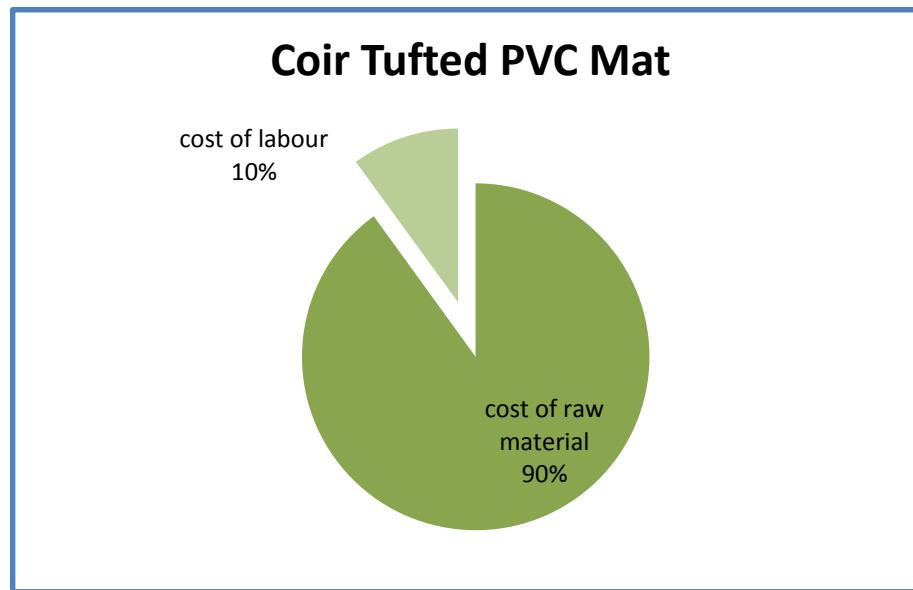


Diagram No. 2.7

Price Comparison between  
Handloom Coir Mats & Coir Tufted PVC Mats (2007 to 2014)

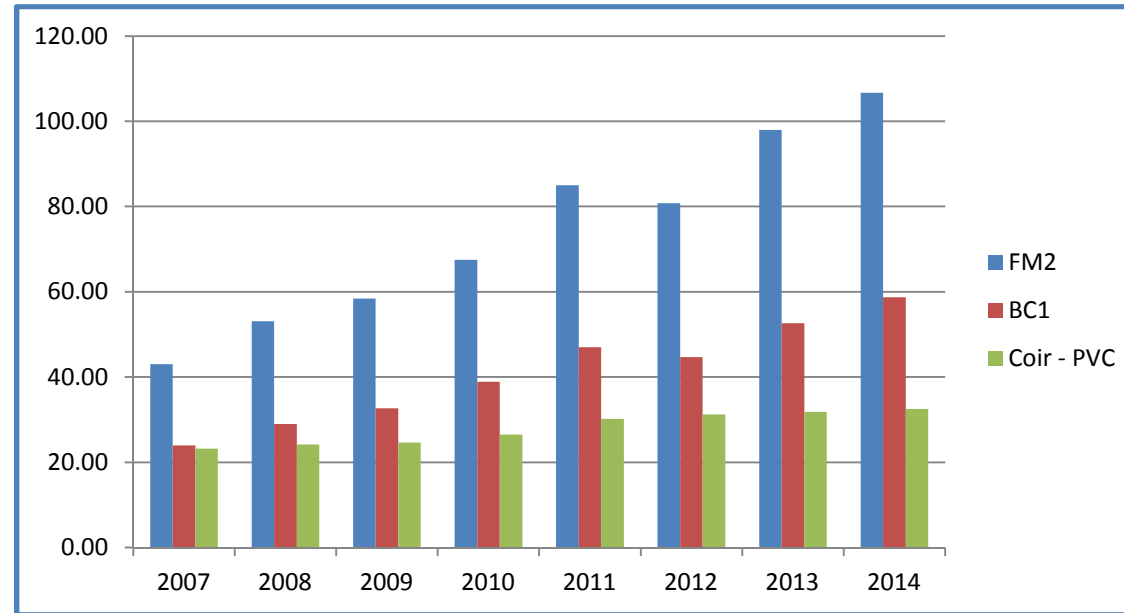


Table No. 2.7

Purchase price increase of Handloom Mats Vs. Coir Tufted PVC Mats  
from 2007 to 2014

Quality	Purchase price in Rs. / Sq.ft								% of increase from 2007 to 2014
	2007	2008	2009	2010	2011	2012	2013	2014	
FM2	43.00	53.10	58.41	67.46	85.00	80.75	97.99	106.65	148.02
BC1	23.96	28.99	32.66	38.93	47.00	44.65	52.64	58.75	145.20
Coir - PVC	23.23	24.15	24.62	26.48	30.19	31.23	31.87	32.52	39.99

Table No. 2.8

Price difference / Sq.ft between BC1 Mats Vs. Coir Tufted PVC Mats  
from 2007 to 2014

Year	BC1	Coir - PVC	% diff.
2007	23.96	23.23	3.14
2008	28.99	24.15	20.04
2009	32.66	24.62	32.66
2010	38.93	26.48	47.02
2011	47.00	30.19	55.68
2012	44.65	31.23	42.97
2013	52.64	31.87	65.17
2014	58.75	32.52	80.66

Table No. 2.9

India's Exports of Coir and Coir Products from 1995-96 to 2014-15  
(Four Tables)

Qty in Tons

Value in Rs. Lakhs

Sl.No.	Items	1995-96		1996-97		1997-998		1998-99		1999-2000	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	Coir Fibre	303	27.09	337.00	49.59	243.00	27.93	646.00	91.46	809.88	117.16
2	Coir Yarn	14839	3434.48	13645.00	3263.18	15889.00	4123.65	16539.00	4827.41	13052.59	3738.39
3	H L Mats	20338	10131.77	21091.00	11396.68	21039.00	12467.03	21943.00	14878.52	24292.92	15688.71
4	P L Mat									1042.61	699.12
5	Tufted Mat									1567.70	793.77
6	H L Matting	7591	4621.28	6578.00	4126.05	7107.00	4650.02	6571.00	4729.86	6238.58	4338.55
7	P L Matting									531.36	395.05
8	Geo textiles	474	167.8	361.00	149.46	739.00	313.31	1208.00	546.91	1711.25	808.41
9	Rugs & Carpets	2818	1867.91	2306.00	1705.15	1957.00	1441.55	2934.00	2300.56	2889.64	2259.62
10	Coir Rope	121	26.27	78.00	21.68	92.00	24.51	211.00	59.25	286.63	73.41
11	Curled Coir	1156	112.89	715.00	85.94	642.00	80.33	445.00	76.38	657.28	114.57
12	Rubberised Coir	174	113.4	212.00	152.32	288.00	234.12	573.00	427.01	522.88	387.52
13	Coir pith	109	5.39	468.00	51.69	755.00	87.76	2216.00	251.26	6501.59	562.77
14	Coir Other Sorts	353	176.36	578.00	256.52	1099.00	442.69	2204.00	1030.26	925.98	328.30
	<b>TOTAL</b>	<b>48276</b>	<b>20684.64</b>	<b>46369.00</b>	<b>21258.26</b>	<b>49850.00</b>	<b>23892.90</b>	<b>55490.00</b>	<b>29218.88</b>	<b>61030.89</b>	<b>30305.35</b>

Sl.No.	Items	2000-01		2001-02		2002-03		2003-04		2004-05	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	Coir Fibre	1053.98	148.17	1010.30	122.15	1036.87	103.81	1120.75	142.44	1350.45	186.03
2	Coir Yarn	14607.30	4187.50	13206.90	3728.59	11482.47	2996.76	12364.43	3498.71	10987.60	3358.16
3	H L Mats	24716.44	15917.69	26147.89	17009.85	33058.75	20711.79	36303.99	22133.69	40127.35	25129.27
4	P L Mat	606.97	442.72	686.50	458.19	954.85	585.52	1026.28	672.13	1433.22	931.16
5	Tufted Mat	3835.64	2104.17	7129.54	4112.38	6429.03	3434.71	11772.50	6359.52	16502.26	9499.05
6	H L Matting	6323.37	4287.86	4423.27	2921.04	4772.62	3191.44	4545.56	2838.66	3518.90	2334.04
7	P L Matting	410.71	284.04	274.04	226.10	183.18	111.79	309.04	215.44	188.94	138.92
8	Geo textiles	1402.29	625.38	1752.05	780.13	2140.69	985.23	2599.54	1184.74	2323.20	1049.75
9	Rugs & Carpets	2720.44	1958.64	1329.97	1039.76	1327.08	932.42	1694.56	1071.36	1727.33	1002.64
10	Coir Rope	482.12	145.21	348.64	108.04	332.40	102.05	308.88	111.46	299.67	116.91
11	Curled Coir	533.57	80.33	572.53	80.63	492.37	80.05	76.54	14.02	69.00	11.97
12	Rubberised Coir	385.06	267.24	454.64	350.38	535.22	403.43	461.78	334.67	475.92	340.57
13	Coir pith	9926.97	752.79	13725.65	1014.30	21064.20	1493.01	29179.35	1975.92	43420.54	3042.40
14	Coir Other Sorts	488.23	164.48	272.91	106.82	372.85	138.56	490.21	196.90	502.41	199.38
	<b>TOTAL</b>	<b>67493.08</b>	<b>31366.23</b>	<b>71334.81</b>	<b>32058.35</b>	<b>84182.58</b>	<b>35270.57</b>	<b>102253.40</b>	<b>40749.67</b>	<b>122926.79</b>	<b>47340.25</b>



Sl.No.	Items	2005-06		2006-07		2007-08		2008-09		2009-10	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	Coir Fibre	1552.98	196.05	9356.54	1075.80	11101.64	1224.14	14554.69	1837.65	73074.93	9742.03
2	Coir Yarn	9582.52	3019.00	9691.17	3161.57	8407.09	2666.90	5335.09	1925.92	6108.35	2461.21
3	H L Mats	42516.42	26698.73	42986.07	27370.67	40917.35	24299.85	35553.43	23537.53	36297.71	25428.01
4	P L Mat	1609.94	1027.10	246.21	168.84	75.06	52.69	54.21	40.06	2.84	2.03
5	Tufted Mat	19671.49	11605.96	29017.02	18213.02	33950.35	19910.98	33689.27	22598.15	36991.21	25351.24
6	H L Matting	2915.91	1913.38	3642.27	2354.63	3013.71	1879.33	2368.45	1716.56	1832.24	1425.28
7	P L Matting	155.95	118.89	104.75	85.11	115.82	88.30	87.52	85.09	2.41	3.04
8	Geo textiles	2512.32	1140.56	3044.51	1335.22	3364.72	1444.65	3251.52	1591.05	3754.44	2023.77
9	Rugs & Carpets	1242.70	730.38	488.31	328.55	178.14	134.40	63.83	67.63	46.17	45.38
10	Coir Rope	162.73	70.41	154.25	68.87	372.26	139.99	370.28	164.60	430.56	165.92
11	Curled Coir	0.00	0.00	1804.03	208.34	1279.99	152.06	1193.38	197.04	3365.7	668.33
12	Rubberised Coir	536.50	377.05	947.31	697.86	1120.35	852.19	1222.59	1174.77	629.78	713.39
13	Coir pith	53444.48	3872.60	67152.99	5382.07	83613.24	6384.77	96996.32	8462.30	131916.67	12347.06
14	Coir Other Sorts	123.03	74.65	119.31	66.04	57.02	57.83	50.50	19.03	55.04	28.53
	<b>TOTAL</b>	<b>136026.97</b>	<b>50844.75</b>	<b>168754.75</b>	<b>60516.59</b>	<b>187566.74</b>	<b>59288.08</b>	<b>194791.08</b>	<b>63417.38</b>	<b>294508.05</b>	<b>80405.22</b>

Sl.No.	Items	2010-11		2011-12		2012-13		2013-14		2014-15	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	Coir Fibre	83393.01	12148.55	119684.54	20323.98	140692.93	20707.66	173901.72	32878.11	219103	41923.34
2	Coir Yarn	5021.96	2685.34	5562.87	3140.7	4202.3	2387.22	4246.88	2848.26	4070	3000.89
3	H L Mats	29409	21525.8	27656.17	23545	24150.93	<b>22810.1</b>	22608.9	23623.82	25354	23946.91
4	P L Mat	0	0	36.14	24.56	1.94	3.15	234.21	278.36	161	225.25
5	Tufted Mat	33349.2	23968.41	33021.17	27745.26	37288.51	33572.91	43751.79	41776.39	41284	39725.96
6	H L Matting	1406.49	1244.72	1473.78	1582.83	1418.31	1702.76	3425.63	3353.91	1667	1835.28
7	P L Matting	0	0	0	0	0	0.00	0	0	28	43.93
8	Geo textiles	3266.63	1823.05	3680.91	2433.12	3597.3	2628.74	4468.27	3503.78	4236	3270.28
9	Rugs & Carpets	1146.81	826.22	191	185.55	94.83	133.37	93.43	105.99	135	146.1
10	Coir Rope	211.56	86.72	792.82	340.99	419.62	282.41	497.84	390.17	614	391.92
11	Curled Coir	5527.08	1056.52	11855.97	3171.3	8883.14	2112.46	11262.66	2947.93	12621	3732
12	Rubberised Coir	383.39	476.89	415.6	549.8	321.47	495.02	965.43	1560.76	897	1410.88
13	Coir pith	157854.93	14829.02	206424.57	22150.7	208399.28	24727.61	271494.76	34173.23	316425	43295.24
14	Coir Other Sorts	45.96	35.84	58.36	68.75	30.36	39.33	88.86	163.13	71	85.79
	<b>TOTAL</b>	<b>321016.02</b>	<b>80707.08</b>	<b>410853.90</b>	<b>105262.54</b>	<b>429500.92</b>	<b>111602.74</b>	<b>537040.38</b>	<b>147603.84</b>	<b>626666</b>	<b>163033.77</b>

Source : Coir Board

Table No. 2.10

List of Tufters as on 18<sup>th</sup> Aug. 2015

<b>Period of establishment</b>	<b>In Alpy area</b>	<b>Outside Alpy area</b>	<b>Number of Tufting heads</b>
<b><u>Under Pvt. Sector</u></b>			
Till 2000	9	8	<b>17</b>
2000 - 2005	2		<b>2</b>
2005 - 2010	4	8	<b>12</b>
2010 - 2015	3	10	<b>13</b>
Total	18	26	44
-			<b>0</b>
<b><u>Under Co-operative Sector</u></b>			<b>0</b>
Till 2000			<b>0</b>
2000 - 2005			<b>0</b>
2005 - 2010	1		<b>1</b>
2010 - 2015	1		<b>1</b>
Total	2	0	2
-			<b>0</b>
<b><u>Proposed</u></b>			<b>0</b>
Till 2000			<b>0</b>
2000 - 2005			<b>0</b>
2005 - 2010			<b>0</b>
2010 - 2015	1	2	<b>3</b>
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b><u>Grand Total</u></b>	<b>21</b>	<b>28</b>	<b>49</b>

Table No. 2.11

## Estimated number of workers in the coir Industry

Sl. No.	Sectors	Nos.
1	Fibre extraction	7,500
2	Spinning sector	60,000
3	Cottage industries & house hold	20,000
4	Co-operative societies/small scale manufacturing sector	40,000
5	Public sector undertakings	750
6	Exporters & organised factories	5,000
7	Finishing units	2,500
	Total	135,750

Diagram No. 2.8

## Estimated number of workers in the coir Industry

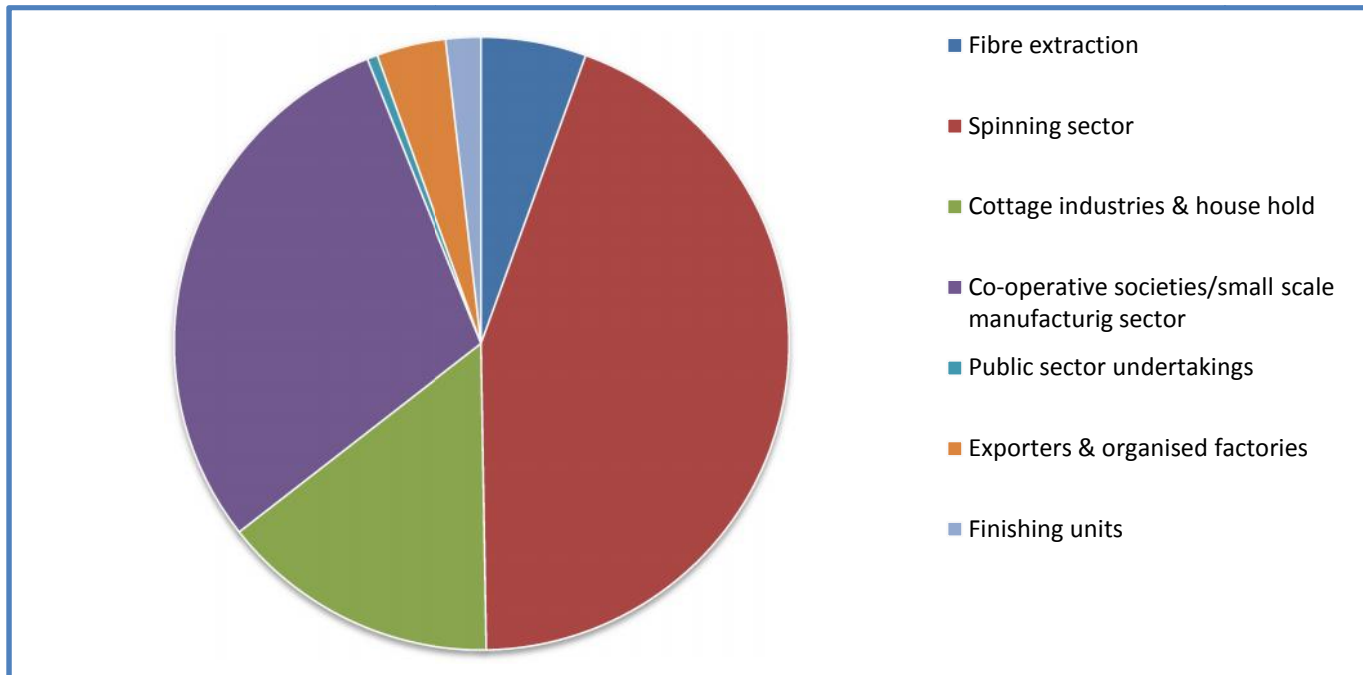


Table No. 2.12

WAGES - DAILY RATED comparison as on 1<sup>st</sup> Mar. '13 Vs. 1<sup>st</sup> July. '15

<b>Industry</b>	<b>Basic</b>	<b>D.A</b>	<b>Total</b>
<b><i>Tea</i></b>			
as on 1st Mar.13	85.88	110.05	195.93
as on 1st July.15	85.88	149.37	235.25
<b>Variance in Rs.</b>			<b>39.32</b>
<b>Variance in %</b>			<b>20.07</b>
<b><i>Rubber</i></b>			
as on 1st Mar.13	172.5	110.05	282.55
as on 1st July.15	172.5	149.37	321.87
<b>Variance in Rs.</b>			<b>39.32</b>
<b>Variance in %</b>			<b>13.92</b>
<b><i>Coffee</i></b>			
as on 1st Mar.13	82.63	110.05	192.68
as on 1st July.15	82.63	149.37	232.00
<b>Variance in Rs.</b>			<b>39.32</b>
<b>Variance in %</b>			<b>20.41</b>

<b><u>Cardamom</u></b>			
as on 1st Mar.13	117.63	110.05	227.68
as on 1st July.15	117.63	149.37	267.00
<b>Variance in Rs.</b>			<b>39.32</b>
<b>Variance in %</b>			<b>17.27</b>
<b><u>Coir</u></b>			
as on 1st Mar.13	2.583	357.407	359.990
as on 1st July.15	2.583	448.377	450.960
<b>Variance in Rs.</b>			<b>90.970</b>
<b>Variance in %</b>			<b>25.27</b>

Source :  
for Plantations - APK.

An overview of current status of wages and fringe benefits enjoyed by 6000 and odd workers in the 50 and odd factories in the organized sector are given above. To complement the generalisation given through the Tables, the wage structure of M/s. William Goodacre & Sons India (P) Ltd. is given below:

The permanent workers get Rs. 700 - 770 as daily wage plus 60% benefits as per Labour Laws. The contract workers get Rs. 360 plus 40% benefits. Long-term settlements are made once in every three years. The last one was signed in April 2013. Wages differ a little, between units.

New factories are not coming up in the Alappuzha - Cherthala belt. However, they are being set up in the Vaikom, Adoor, Kunnathanam, and Changanassery regions.

### 2.3 Issues raised by the managements

During the interactive sessions with the top managements of the coir companies, several unresolved issues related to labour and their unions were mentioned, seeking redressal through CIRC with the support of the Hon. Minister for Labour. Some of the major issues are listed below:

#### 1. Irrational way of paying exchange benefit

Since the companies are market-driven, on the basis of the exchange rate of dollars, wage should be enhanced, (as demanded by labour) but once it is enhanced, it cannot be reverted when the situation changes. This irrational way of paying exchange benefit is seriously affecting the economics of their business. Due to frequent increase in the production cost, finding out market for the products is a serious issue. The existence of the factory is only due to other products manufactured such as handloom, jute, latex, poly propylene and not due to coir products.

#### 2. Shortage of raw materials

Sufficient raw materials are not available in the State. They are mainly brought from Tamil Nadu. Even partly manufactured items are brought and made into final products and exported from here. Part of the benefits goes to TN factories.



### 3. Variable Dearness Allowance

The variable component of DA is above 90% (99.24%). The fixed component is 50-60% and the other constitutes the rest. They are not against in enhancing wages to the workers engaged in small-scale units including co-operative societies and family units. But the compulsion to enhance the DA of company workers whenever the DA of workers in cooperative and small-scale units is very unscientific. Even those factories having their own long-term settlements (LTS) are also not spared from this common approach.

### 4. Resistance to productivity

There is productivity-resistance from workers. Though major factories are mechanised, they are not getting the benefit of it. "We cannot increase the production. None of the management will retrench the workers due to mechanisation. Even if mechanisation is introduced, workers are not inclined to increase their unit production. Though they can enhance the take-away amount and the company also gets benefit due to it, they are not inclined to enhance their production. So, unless the productivity is enhanced, there is no chance of further enhancement of wages. Periodical unscientific enhancement of wages will affect the company's existence."

### 5. Inter -union rivalry

This is a perennial problem in the organized coir industry, creating functional difficulties at the shop floor. Day-to-day work-related problems could not be resolved because of lack of unity among the unions. What the leaders agree individually in private discussion, they disagree when they come together for collective negotiation. Because of this, problems remain unresolved.

### 6. Strikes and unfair practices of unions

Frequent strikes are another reason for the situation. They have to face the consequences on the failure of other factories or units to comply with the statutory or other terms and conditions already agreed upon. Eg. If any problem in a stencilling unit or of an unit of another factory, the unions will resort to strike in the industry in toto, just to press their demands. Even the legally abiding factories/units are also not spared from their action. These situations compel other managements also to compromise on their production. It makes the situation further worse. In 2002-2003 there was a long strike of one month. However, for the past five years, strike has come down in the industry.

## 7. Industry wide issues

All exporters may not be paying the wages agreed at meetings. But, instead of treating such units differently, the unions adopt an inimical attitude towards all the companies irrespective of their involvement/non-involvement in the issue. They even go on strike thereby, paralyzing all the companies.

In addition to these issues, the managements have given us a write-up highlighting some more constraints experienced by them in managing their business:

“On the outset, we thank you for your sincere interest for the well-being and revival of our Coir industry and dedicating your valuable time to study and resolve the issues being faced by us in Kerala. This is a refreshing change and gives us immense hope. We greatly appreciate you seeking our input with respect to the scope of study being initiated by KILE. Our trade associations, represented by FICEA, have met with KILE officials at least twice and have also given detailed inputs on the issues being faced by Coir industry and areas to be studied. We have given detailed written note supported by data and graphs. A few additional points were also added by FICEA and are being sent separately for your consideration.

What we have here is a joint representation from the Coir IRC members representing the Coir Export community in Kerala. Between the 4 of us, we have a combined experience of more than 135 years in this industry. Based on our experience, we would like to put in perspective the path taken by Coir industry in Kerala over the years, the current challenges and possible outcomes for the Coir industry in Kerala in general. We would like to focus on 3 main themes – Productivity, High wages and Highly politicized/unionized environment :

1. From the 50's up until 90's there was widespread opposition to mechanization
2. The de-fibering industry which was extremely labour intensive and polluting was the first sector that got mechanized in a large way. But that mechanization happened in neighboring Tamil Nadu – not in Kerala because the trade unions and even the governments in Kerala opposed it

3. With that move and the spread of commercial, large scale farming of coconut trees in Tamil Nadu, the entire Coir fiber production started shifting to Tamil Nadu. They had the coconuts in abundance, relatively cheap labour force and far more efficient methods of production
4. The investors in Tamil Nadu who were running these fiber extraction mills, continuously invested time and resources in improving the efficiency of the whole fiber extraction process. Developing new and more efficient machines, connecting various stages of fiber extraction using conveyor systems, using customized low-cost tractors for handling of husks, spreading of fiber for drying, etc... Just in the past 10 years, they have improved labour productivity by a factor of at least 5. That means they are at least 5 X times more productive today in converting husk to fiber than 10 years back. And this process of continuous improvement is never ending in Tamil Nadu and the investors who invest in those machines and production systems reap the benefits due to increase in productivity and resultant lower incidence of labor cost, better economies of scale, etc.
5. This is something that could never happen in Kerala. Here, if we bring in a machine to one of our organized factories, the unions will first run the machine at half or lower of its rated output. Then they will fix a basic piece rate for that job. From then on, that piece rate is not going down – it will only go up based on periodic negotiations, strikes, increases announced by Minister, etc. And most importantly, since the wages have an almost 99.24% variable DA component, it will shoot up with increasing DA. Even if you bring in a machine that is twice as efficient, the unions will never agree to touch that basic piece rate. So the investor who is investing in that new machine will end up paying double the wages (total) but same unit rate with no productivity gain. This is the reason why all mechanized forms of production are leaving Kerala in general and Amabalappuzha/Cherthala taluks in particular. No investor would ever want to invest in mechanized forms of production in this area.
6. What was explained above with respect to Coir fiber extraction is now coming true for Coir yarn spinning as well. Kerala is still predominantly doing hand spinning. The output about 10 Kgs/person/day – hasn't changed in decades. Whereas, in Tamil Nadu, they have gone through at least 4 to 5 generations of automated spinning machines wherein the output currently stands at about 60 Kgs/person/day. And increasing every year.

7. The single largest item of export among Coir products today is PVC backed Coir mat. Five years back, 100% of yarn required for the PVC backing lines in Kerala was produced in Kerala. In fact, even the few PVC backing lines in Tamil Nadu were taking yarn from Kerala. Mechanized yarn production started catching up in Tamil Nadu over past few years in a very large scale and they started to cater to needs of PVC backing lines in Kerala and Tamil Nadu. Today all of the PVC backing lines in Tamil Nadu and at least 50% of the units in Kerala are using yarn from Tamil Nadu – all machine spun. The way it is going, it will become 100% in Kerala in just a couple of years.
8. The government of Kerala is subsidizing the yarn spinning by paying almost Rs 150 per day/worker in the Coir yarn spinning sector. Even after that, they are not able to compete with the machine spun yarn from Tamil Nadu both in quality and productivity/cost. The answer to this can be even more subsidy to support a lost cause or adopting modern and efficient methods of production that ensure good quality of yarn to the industry and decent living wages to workers. The longer we wait to make the decision, harder it is going to be to revive the industry and larger the amount of money we will be spending on such subsidies
9. The common thread is that the industry stayed in Kerala as long as manual forms of production which required traditional skills of workers was essential. Even though the productivity was low, there was no option but to use those skill sets available only in Kerala in general and Ambalappuzha/Cherthala taluks in particular. Then came mechanized forms of production (by way of mechanized fiber extraction and mechanized spinning) and the local industry – mainly the unions – opposed it vehemently (like destroying fiber extraction machines in the 70's) or took positions that killed any productivity gains (by refusing to adjust piece rates according productivity gains). And specialized/traditional skills were not needed to run these machines. They could work anywhere with unskilled labour. Industry moved to other areas where such mechanization was welcomed and fruits of productivity gains could be shared fairly between the investors and workers.
10. In the Coir industry, we have 3 main sectors: (1) Coir fiber extraction, (2) Coir yarn spinning and (3) Coir mats/matting production. Fate of the first and second sectors is explained above. The 3<sup>rd</sup> sectors production of mats/mattings. It is the exact same scenario as the first

two sectors. Traditional handlooms that produced these mats and mattings have same productivity figures for decades. There were some efforts by some investors to bring in power-looms. The same attitude of unions in curtailing productivity gains and lack of encouragement by government for modernization severely limited the spread of such efforts. Over the past 25 years, PVC backing lines that are 100+ times more productive (output per person/day) than traditional handlooms have almost taken over the market. And these machines initially got installed in the Amabalauzha/Cherthala region in the 1990's as the raw material (Hand-spun Coir yarn) was available only in this area. Today, wages in these factories are about Rs 810/day or higher (Cost to Company basis) whereas wages in neighboring Tamil Nadu is barely Rs 368.21 (again, Cost to Company basis) for exact same job. And Coir yarn available in Tamil Nadu is cheaper and of better quality than what is available in Kerala. With such a drastic difference in wages, there is no way that this industry can survive here for long term in the current form. Already newer units have started to function outside of Amabalappuzha/Cherthala taluk and in other parts of Kerala closer to Tamil Nadu and several units in Tamil Nadu. Detailed list if units are available in our earlier notes.

11. To all these adverse factors, add the complexity of working in an environment that is every bit politicized/unionized. Especially true for the units working in Ambalappuzha/ Cherthala taluks. Frequent strikes in different sectors – each and every one of them bringing the industry to a halt. Delayed shipments result in huge penalties or cancellation of orders. The unions always target the few remaining medium/large scale organized factories in Ambalappuzha/ Cherthala taluks that pay all the agreed wages and statutory benefits. There is a constant demand for higher and higher wages in these units with absolutely no inclination to even discuss about increase the productivity. Constant, never ending cycle of negotiations leave the investors with little time to concentrate on real business issues related to finance, marketing, sales, product development, etc. It is evident now that new and modern methods of production is needed in Coir industry. That calls for organized, vertically integrated factories and such factories are literally assaulted on a daily basis by the whole union/political system prevailing here in this region. One more reason why new methods of production is never going to catch up in Kerala in general and Ambalauzha/Cherthala taluks in particular. And sorry to say that the attitude of governments that come in power from time to time have also not been supportive of sustaining the industry in this region. The fundamental issues are never addressed by the changing governments.

This is where we are today. The remaining units in Kerala – especially in Amabalappuzha/ Cherthala taluks – are finding it difficult to compete with more efficient units working in Tamil Nadu and even in other parts of Kerala. It is only a matter of time – few years – before the Coir industry in Kerala, especially in Amabalappuzha/ Cherthala taluk will find it difficult to survive and will be forced to close one by one. 2 out of 3 sectors have almost gone already. If we have to sustain this industry here, we have to make some fundamental changes:

1. Wages: The wages prevalent in the Coir industry in Kerala, especially in Ambalappuzha/ Cherthala taluks, is extremely high compared to wages prevalent in Tamil Nadu for comparable jobs. We understand that wages cannot be reduced. But the unprecedented increase in wages over time which is due to almost 100% (99.24% now) link to Variable DA has to be corrected. Part of the current variable DA component has to be merged with basic wages. Any future increase should only be in the basic (fixed) component. All common wage revisions should be carefully studied, approved and implemented by CIRC across Kerala.
2. Productivity: We have lost decades worth of productivity improvement mainly because the unionized system prevalent in the industry that was adamant for large increase in wages with absolutely no gain in productivity. This has to change. We need to have a system where decent living wages are ensured to the workers and such wages are updated from time to time based primarily on improvement in productivity.
3. Modernization: To have such improvement in productivity, the industry has to invest in new machines and methods of production. It can be very capital intensive. The Coir industry in Kerala is already in a weak state competing with stronger emerging competitors in neighboring states. Industry needs help from the government in this modernization effort by way of grants/subsidies. That way, the workers can earn more, the exporters can be more competitive and the industry as a whole will be sustainable.
4. Industrial Peace: The constant cycle of strikes, work stoppages in various sectors (in Handloom sector, finishing sector, organized factories, stencil plate makers) cannot continue like this as that has already given the Coir industry in Kerala a bad name as being unreliable as compared to units working in Tamil Nadu. We need to have long term agreements in place that are fairly negotiated and settled from time to time and there should be industrial peace in between letting business owners concentrate on critical business functions. This is what we think is needed. We hope that you will consider this overall perspective while formulating the final terms of reference for this important KILE study. We thank you for your time and attention so far.”

## 2.4 Shifting of units to Tamil Nadu

Many of the major factories have already established factories in Tuticorin, Pollachi, Thirupur and other parts of Tamil Nadu. Part of the manufacturing process are carried out in these units and brought to the State for the final conversion and export.

Eg. Aspinwall&Co.  
 Alleppey Coir Co.,  
 NC John & Co.  
 Floor Décor  
 Travancore Coir Company  
 Farm Fiber etc.

All the works are not now carried out in TN. Tufting has been started. Mechanised spinning is fully established. Export of items has only commenced. But major chunk of exports are done from the State. However, the frequent strikes in the Cochin Port will influence the managements to shifting the export to Tamil Nadu.

### 2.4.1 Reasons for the shifting of units to Tamil Nadu

The major reasons exposed by the managements for the shifting of the units to TN are:

- difference in the cost of inputs
- Comparatively low wages,
- uninterrupted production,
- No trade unions,
- better quality
- disciplined work force
- machine mode of production
- gain in the benefits of mechanization
- uninterrupted power supply (improved recently)
- No strikes and sudden stoppages of work (No man days lost due to strike for the past 11 years in a unit started 11 years ago)

Since the major factories have commenced their units in Tamil Nadu , if the present issues in the industry in Kerala are not considered and scientifically resolved the shifting of their whole business to the units in Tamil Nadu in the near future cannot be discarded.

## 2.5 Conclusion

The problem of managing labour especially in the large factories in Alappuzha, Ambalappuzha and Cherthala has been highlighted with clarity and concern. Senior leaders of the unions are requested to take the initiative and objectively examine the facts and figures given in the write-up of the companies whether the grievances of the managements are genuine and factually true from the business point of view, especially in the context of strong competition posed by the coir factories in Tamil Nadu and the frequent price fluctuation in the international market.

Full exploitation of the current installed capacity of each factory has to be assessed and the percentage of utilization could be easily worked out by a small team consisting of representatives of senior union leaders, workers, FICEA, Dept. of Labour and subject experts. The team could also assess the current productivity status of labour and the overall cost of production per unit of each product. Wages and perks have to be linked to their performance in terms of standard outputs. It is desirable that negotiation for wage settlements based on unscientific collective bargaining once in 3 – 5 years as a practice has to give way to scientific facts and figures and business economics. Integration of the interests of the management and that of labour through direct negotiations sans strikes and lockouts should be the guiding principle in industrial relations.

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## Chapter III Coir Cooperative Societies

### 3.1 The context

Co-operativisation in coir sector was an important step to contribute to the healthy growth of the industry. A widely held notion about co-operatives is that coir co-operatives could provide optimum employment to the unemployed people in the coastal areas and help improve their living conditions. Here, an attempt is made to verify this claim.

The withdrawal of foreign capitalists from the coir sector and the inflow of local industrialists and middlemen into the arena, created immense problems in the sector. Middlemen and the local capitalists knocked off all profits from the industry. Workers and small producers who depend entirely on the coir sector had neither the capital nor any organisation to resist the onslaught of the local capitalists and middlemen and hence, subjected to all kinds of exploitation.' This state of affairs drew the attention of the Central and the state Governments.



Consequently, the Government of India [1945] appointed a Committee under the Chairmanship of KC. Karunakaran and the Government of Travancore [1949] constituted another Committee under the Chairmanship of Smith to study the issues related to the coir industry. These Committees recommended the re-organisation of the industry on co-operative basis and a scheme was launched by the erstwhile Government of Travancore in 1950 to cooperativise the industry. (V.S. Jose, 2002)

The scheme was intended to assist the formation of viable coir co-operative societies, and for the revitalisation of dormant societies. About 76 per cent of the total coir societies in India are located in Kerala, followed by Tamil Nadu, Andhra Pradesh and Karnataka. Ninety-three per cent of the members of the coir societies and 74 per cent of the work-force belong to Kerala. Membership in cooperative sector is more in Kerala than in other states.

Table No. 3.1

## Coir Cooperative Societies in Kerala

Sl. No.	Type of Society	No. of Societies as on 31-03-2014	No. of Societies as on 31-03-2015
1	Primary Cooperative Societies (Yarn Sector)		
	a) Working	391	420
	i. Profit	109	109
	ii. Loss	282	311
	iii. Total (1a)	391	420
	b) New societies which have not started working	142	120
	c) Dormant Societies	85	74
	Total (1)	618	614
2	Manufacturing Societies (Mats & Mattings)		
	a) Working (started production)	31	31
	i. Profit	15	12
	ii. Loss	16	19
	iii. Total (2a)	31	31
	b) New Societies which have not started working	4	3
	c) Dormant Societies	17	18
	Total (2)	52	52
3	Small-scale Producers Cooperative Societies		

	a)	Working	54	49
		i. Profit	26	37
		ii. Loss	28	12
		iii. Total (3a)	54	49
	b)	New Societies which have not started working	4	5
	c)	Dormant Societies	5	9
		Total (3)	63	63
4		Husk Procurement and Distribution Societies		
	a)	Working	1	1
		i. Profit		
		ii. Loss	1	1
		iii. Total (4a)	1	1
	b)	New Societies which have not started working		
	c)	Dormant Societies		
		Total (4)		
Continued on next page				
5		Fiber Societies (DF Mill Societies)		
	a)	Working	21	22
		i. Profit	4	6
		ii. Loss	17	16
		iii. Total (5a)	21	22
	b)	New Societies which have not started working	21	20
	c)	Dormant Societies	29	26
		Total (5)	71	68
6		Samyojitha Society		
	a)	Working	5	13
		i. Profit		
		ii. Loss	5	13
		iii. Total (6a)	5	13
	b)	New Societies which have not started working	55	43
	c)	Dormant Societies		
		Total (6)	60	64
7		Cooperative Coir Marketing Federartion		
8		ICDP Societies		
	a)	Working	56	56
		i. Profit	13	13
		ii. Loss	43	43
		iii. Total (8a)	56	56

	b)	New Societies which have not started working	4	4
	c)	Dormant Societies	3	3
		Total (8)	63	63
9		Total No. of Cooperative Societies		
	a)	Working	503	536
		i. Profit	154	164
		ii. Loss	349	372
		iii. Total (9a)	503	536
	b)	New Societies which have not started working	226	191
	c)	Dormant Societies	136	137
	d)	Societies under liquidation	105	129
		Total (9)	970	993

Source: Coir Development Directorate, GoK

Table No. 3.2

<b>Proforma</b>									
<b>Activities of Coir Co-operative Societies</b>									
a. Yarn sector									
Year	No. of working societies	No. of workers	Husk Purchased		Fiber Purchased		Yarn Produced		Wages paid (in lakh)
			Number (in lakh)	Value (lakh)	Qty (Tonnes)	Value (lakh)	Qty (Tonnes)	Value (lakh)	
2009-10	314	145904	100.33	61.02	7683.58	626.49	7298.66	1417.31	619.14
2010-11	378	165341	69.22	3620.14	10354.09	1356.43	44834.56	4038.47	1287.22
2011-12	378	155832	84.12	127.24	11109.8	1679.84	7922.29	3177.19	1461.01
2012-13	369	155401	77.89	81.69	13828.43	1862.47	10795.06	2888.27	1828.97
2013-14	391	162714	78.34	81.09	14290.17	2643.59	43888.89	4563.28	1308.69
2014-15	420	181134	83.21	101.22	20634.89	2906.14	9071.78	5593.07	2733.27

Source: Coir Development Directorate - 2015

### 3.2 Objectives of the cooperativisation scheme

The scheme is aimed at:

1. solving the problems of the actual workers and small producers engaged in the industry
2. ensuring them regular work and a living wage
3. stabilising the industry on a sound and stable footing by cutting out middlemen and to stop all corrupt practices; and
4. establishing improved standards and quality so as to attract and ensure a better market for coir products.

The scheme included various assistance such as:

1. Share capital assistance for formation of new societies and revitalisation of dormant ones
2. Managerial subsidy
3. Assistance for purchase /modernisation/ renovation of equipment / looms etc.
4. Marketing assistance for opening of sales outlets for sale of coir products by apex coir co-operatives.

### 3.3 Types of societies

#### 1. Thondu Vyayasaya Society

The basic objective of this type of society is to collect green husk from coconut producers and copra producers. The society supplies the husk to the primary yarn producing society at a reasonable price. In other words, it is a feeder society to the production society.

#### 2. Fiber Society

The objective of this type of society is to supply fiber to Coir Vyavasaya Cooperative Societies (CVCS). They purchase green husk or dry husk and extract brown fiber with the help of husk-beating machines. They supply fiber so extracted to coir vyavasaya societies. Members of these societies are coir workers.

### 3. Coir vyasaya co-operative society

The basic function of this type of society is production of coir yarn. The activity is carried on either at the society's premises or at the residence of members. The members have to return the yarn to the society which markets it through COIRFED. Membership of this society is open to all engaged in the production of yarn or fiber in the area of operation of the society. Sympathizers are also given membership to the extent of 7 per cent of total membership of these societies. Management of the business is vested in a seven member board, of whom five are elected from among the coir workers of the society.

The Primary Coir Vyavasaya Co-operatives act as an important link in the chain of marketing of coir fiber and yarn. The business operations of primary societies comprise of purchase of raw husk, retted husk and fiber for processing and sale to central marketing societies. Manufacturing activities are carried out either in the yard of societies or at the residence of members. The manufactured articles will be kept in godowns of societies before selling them to Coirfed. Every primary society is required to sell its produce to the Coirfed at a price prescribed by the apex body.

### 4. Mats and Mattings Societies

Mats and Mattings societies produce mats, mattings, rugs and carpets needed for households, institutions and business firms. They buy coir yarn from coir vyavasaya societies and small-scale yarn producing firms. The coir vyavasaya societies thus act as feeder firms to Mats and Matting Societies. These are concentrated in Alappuzha District.

### 5. Small-scale producers' societies

These are engaged in the production of coir products. The aim of these societies is to find market for the products of its members and to secure reasonable price. About ten thousand societies are now functioning in Kerala.

## 3.4 Coirfed

It is the single marketing agency with state-wide jurisdiction over primary coir societies. Coirfed either sells yarn to manufacturing units or use it to make coir products either in its own units or through its accredited small-scale manufacturers.

### 3.4.1 Objectives of the federation

- To ensure them regular work and a decent wage
- To stabilise the industry on a sound and stable footing by eliminating middlemen and to stop all corrupt practices,
- To establish improved standards and quality so as to attract and ensure a better market for coir products.
- The Scheme of Coir Development was so designed to bring all persons engaged in coir industry into the co-operative fold by forming three categories of societies, Viz.,
- The Thondu Vyavasaya co-operative societies for collection and supply of green husk.
- The Coir Vyavasaya Co-operative societies for actual production of yarn.
- The Coir Marketing Societies to market the yarn produced by member societies in favourable markets.

### 3.4.2 Activities

- To arrange for the purchase and sale of coir fiber, yarn and other coir products belonging to the affiliated societies to the best advantage within the Indian Union and outside
- To rent, purchase or own administrative offices, godowns, sales depots, sub offices and branch offices within the jurisdiction of the federation.
- Purchase and distribution of raw materials, establish plant and machinery and research centres.
- Running warehouses inside and outside the country.
- Undertaking retting of husk, production of fiber, coir yarn and coir goods. Raising funds required for the business by way of loans, grants and other contribution from Government, Reserve Bank of India and other financial institutions. Extend loans to member societies and conduct credit sales to Government Agencies and co-operative institutions. Undertake inter-state trade and export coir and coir products.
- Render services like undertaking grading, packing, standardisation, supply of market news, technical advice, guidance, arranging transport, shipping, clearing and forwarding of goods.
- Act as agent on behalf of Government or any other institution for the procurement, supply, distribution and production of husk, coir and coir products.

- Supervise, develop, assist and co-ordinate the activities of affiliated societies.
- Act as an exponent of co-operative opinion in matters relating to coir and coir products.
- Arrange for the holding of periodical conferences and seminars on coir industry, publishing of periodicals and booklets for the stabilisation and development of coir industry.
  - Function as the agent of the State Government and or Central Government or any other agency authorised by the Central or state Government in implementing the programmes for the development of the coir industry.

It undertakes the responsibility of procurement and storage of the entire products of the primary societies. It has four regional offices at Kozhikode, Kochi, Kollam and Alappuzha, through which the procurement is made and arranges their sales through its own show rooms and agency showrooms in different parts of the country. The purchase price for coir produce of each society is fixed on the basis of cost and quality plus 10 per cent margin.

### 3.5 Coir cooperative units

The study team selected four circles as representative regions from Alappuzha, Karunagapally, Kundara, and Chirayinkeezhu. Facts and figures were collected through semi-structured interviews, observation of the working of the units, examining the documents made available and interactive sessions with the officials involved in the promotion of the sector.

### 3.6 The ground realities

Table No. 3.3  
Details of Coir Projects in Kerala and Kollam circle

Sl. No.	Name of the project	Project office under Kollam circle	No. of operating societies
1.	Chirayinkeezhu	1.Karunagapally	14
2.	Kollam	2.Chavara	9
3.	Kayamkulam	3.Adoor	9
4.	Alappuzha	4.Panmana	5
5.	Vaikom	5.Perinadu	11
6.	North Paroor	6.Kollam	15
7.	Thrissur	7.Kundara	14
8.	Ponnani	8.Adoor	5
9.	Kozhikode		
10.	Kannur		
		<b>TOTAL</b>	<b>82</b>



Under Kollam project office, there are 8 circles with 82 CVCS. Karunagapally and Kundara are two circles selected as samples. These two circles consist of 14 CVCS each.

### Kollam Project

Table No. 3.4

#### Functional Classification –Category-wise 2014-15 Kollam Circle

SI no	Type of society	Operating	Non - operating	Not yet commenced production	Under liquidation	Total
1	Coir co-operatives	82	22	22	28	154
2	Mats and mattings	-	1	1	-	2
3	Mechanised defibering units	-	2	-	-	2
4	Others(apex)	-	-	-	1	1
	TOTAL	82	25	23	29	159

Table No. 3.4 provides a detailed account of the functional status of CVCS circle-wise under Kollam project office. As per the Table, out of the 159 units, the number of functional ones is only 82 (51.6 per cent). Seventy-seven are dysfunctional.

Table No. 3.5

#### Operational Summary of CVCS, Kollam Circle

Sl. No	Particulars	No. of Units
1	No. of circles	8
2	No. of coir producing co-operatives	82
3	Total number of members	45488
4	Number of sympathisers	43023
5	Number of workers engaged in production	1404
6	Average number of working days	123
7	Total amount of wages paid	1.902 cr
8	Total amount of bonus paid	26.61 lakh
9	Staff salary paid	65.33 lakh
10	Direct benefit transfer as incentive	1.40 cr
11	Quantity of fiber used (1.96 qtl)	2.312 cr
12	Quantity of coir produced (8182 qtl)	3.96 cr
13	Average percentage of out-turn	80
14	Cost of production of coir per qtl	Rs.4893
15	Loss per quintal (4893-4600)	Rs.293
16	Quantity and value of coir sold (18144qtl)	Rs.3.88 cr

Table No. 3.5 is self explanatory as it is a summarized statement of the performance of the coir co-operatives under Kollam circle for the year 2014-2015 in different respects.

Table No. 3.6  
Statement of Output, Kollam Circle (2005-06 to 2014-15)

Year	Output (Qtl)	Value (in Rs.)	Increase (in Rs.)	Decrease (in Rs.)	Profit (%)	Loss (%)
2004-05	6801.00	16597878	-	-	-	-
2005-06	7790.00	19188484	2590606		15.61	
2006-07	4274.00	8910911		7686967		46.31
2007-08	6105.34	15907975		689903		4.16
2008-09	8007.33	23947363	7349485		44.28	
2009-10	5328.00	14253689		2344189		14.12
2010-11	5821.00	21147151	4549273		27.41	
2011-12	6056.04	28579534	11981656		72.19	
2012-13	8379.38	30708929	14111051		85.02	
2013-14	8040.50	34505984	17908106		107.90	
2014-15	8181.63	39566000	22968122		138.38	

Output-wise comparative statement of CVCS under Kollam circle for a period of 11 years commencing from 2004-05 to 2014-15 are given in Table No. 3.6. These statement provides an analytical picture of CVCS under Kollam circle stating, the percentage of increase or decrease of production for the period under review by taking into account the value of the output of 2004-05 as the base year. In terms of output, the increase in the production for the above period reveals that the increase is only to the extent of 1380.63 quintals only (20.03 percent). It gives an unsatisfactory picture of the growth and development of this industry over more than a decade's period. In terms of its value, the increase comes to the tune of 229.68 lakh rupees (138.38 percent). It can be seen that in terms of value, the output has doubled over the above period. This growth was very low when converted in terms of the real value of money, in terms of the base year price.

## Kundara Circle

Table No. 3.7

## Stock turnover ratio of Coir Co-operative Society in Kundara Circle

Sl. No	Name of Society	Opening stock (in Qtl)	Purchase and Direct Expenses (in Rs.)	Closing Stock (in Qtl)	Stock turnover Ratio
1	Velliman CVCS No. 293	66,148.00	777,830.00	0.00	25.52
2	Pambalil CVCS No. 864	0.00	844,261.00	17,940.00	92.12
3	Kandachira CVCS No. 50	0.00	604,462.00	0.00	0.00
4	Cherumoodu CVCS No. 119	0.00	727,882.00	0.00	0.00
5	Kanjirakodu CVCS No. 358	0.00	307,570.00	1,886.00	324.16
6	Pulikuzhi CVCS No. 626	0.00	1,205,328.00	0.00	0.00
7	Kuzhiyam CVCS No. 629	782.00	356,626.00	1,334.00	336.55
8	Charukkadu CVCS No. 631	0.00	871,679.00	53,636.00	30.50
9	Velliman East CVCS No. 861	6,578.00	725,575.00	0.00	222.61
10	Nandirikal CVCS No. 862	11,720.00	199,291.00	14,352.00	15.09
11	Pambalil East CVCS No. 866	0.00	1,090,120.00	0.00	0.00
12	Kanjirakodu CVCS No. 872	5,198.00	483,696.00	17,434.00	41.66
13	Perinadu CVCS No. 873	127,420.00	1,549,884.00	0.00	26.33
14	Chemmakadu CVCS No. 300	0.00	1,016,437.50	50,646.00	38.14

The stock turnover ratio of coir co-operatives in Kundara circle shows Kuzhiyam CVCS No.629 has the highest inventory turnover ratio (336.55 times) and brisk sales. The second highest stock turnover ratio goes to Kanjirakodu CVCS No. 358 (324.16 times). This result reveals the sales efficiency of these societies. The low stock turnover ratio results in blocking of funds in inventory. The stock turnover ratios of four societies are not computed due to lack of sufficient data. This is because in most of the societies, proper accounting system for any type of financial transaction is not kept. It reveals that the coir inspectors evade from their responsibilities of effective inspection.

Table No. 3.8  
Comparative Income Statement of Vellimon CVCS No. 293  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net	Net		
			Increase	Decrease	Increase	Decrease
			₹	₹	%	%
Sales	818,943.00	772,800.00		46,143.00		(5.63)
Less: Cost of Goods sold	762,080.00	777,830.00	15,750.00		2.07	
Gross profit/loss	56,863.00	(5,030.00)		61,893.00		(108.85)
Less: Admin.expenses	193,184.00	118,737.22		74,446.78		(38.54)
Selling Expenses	15,650.00	15,000.00		650.00		(4.15)
Total Operating expenses	208,834.00	133,737.22		75,096.78		(35.96)
Operating Profit/loss	(151,971.00)	(138,767.22)		13,203.78		(8.69)
Add: Non-Operating income	89,224.25	54,576.00		34,648.25		(38.83)
Net profit/Loss	(62,746.75)	(84,191.22)		21,444.47		34.18

The comparative income statement reveals that there is no wide variation in the sales value of this society for the current year. The cost of goods sold also increased (2.07 per cent) in the current year as compared to previous year 2013-14. The society earns gross profit in 2013-14 and incurred gross loss in 2014-15. This was due to the fact that there is a net increase in the volume of cost of goods sold. As the total operating expenses decreased in the current year, there was a corresponding reduction in the operating loss also. The net loss of the society increased (34.18 per cent) in the current year as compared to previous year. This society has provided employment opportunities to 14 workers for 227 days led to the generations of 3178 labour days in the current year. Generation of more labour days reveals that the sincerity of the society towards adherence of the co-operative principles in providing employment opportunities to the workers.

Table No. 3.9

## Performance Evaluation Statement of CVCS (Kundara Circle) 2013-14

Sl. No.	Name of the society	No. of working labour	No. of working days	No. of Labour days	Total cost	Total revenue	Profit	Loss	Profit on sales	Loss on cost
1	Vellimon CVCS no.293	14	227	3178	777730	818943	41223		5.03	
2	Pampalil CVCSs no.864	18	250	4500	973586	966350		7236		0.74
3	Kandachira CVCSs no.50	15	149	2235	581230	540176		41054		7.06
4	Cherumoodu CVCSs no.119	11	193	2123	585218	560346		24872		4.25
5	Kanjiracode CVCSs no.358	8	40	320	70016	59118		10898		15.57
6	Pulikuzhi CVCSs no.626	16	270	4320	1261835	1301593	39758		3.05	
7	Kuzhiyam CVCSs no.629	13	102	1326	280347	244525		35822		12.78
8	Charukadu	14	195	2730	815990	779929		36061		4.42

	CVCSsno.631									
9	Vellimon east CVCSs no.861	13	184	2392	590297	574033		16264		2.76
10	Nanthirical CVCSs no.862	12	152	1824	205087	173996		31091		15.16
11	Pampalil east CVCSs no.866	16	263	4208	1269746	1245715		24031		1.9
12	Kanjiracode CVCSs no 872	9	303	2727	481067	439195		41872		8.7
13	Perinadu CVCSs no.873	28	203	5684	1646880	1642864		4016		0.24
14	Chemmakkadu CVCS no300	20	152	3040	1035168	924554	110614			10.69

Table No. 3.9 analyzes the operational particulars of CVCS under Kundara circle. Details regarding the number of workers engaged in production, total number of days of operation, total number of labour days generated per society, cost and revenue per labour day and income generated surplus or deficit attributed to loss etc. is measured. It is observed that out of 13 CVCS under Kundara circle, two units - Vellimon No.293 and the other Pulikkuzhi No.626, have generated labour surplus to the tune of Rs. 5 and Rs. 3 respectively per labour day. All the other 11 CVCS have added deficit to the pool of loss. Among the loss generating units, Kanjiracode CVCS No. 358 and Nanthirical CVCS No. 862 had made the maximum deficit per labour day (Rs.15.57 and Rs 15.16).These results reveal that if the units remain shut down and made non-operative, the quantum of loss can be reduced to the extent of Rs 15 per labour day. The fear of mounting-loss phobia encourages majority of the managements to keep the units as non-functioning.

Table No. 3.10  
Statement of Labour Efficiency of CVCS Kundara Circle 2014-15

Sl. No.	Name of the society	No. of working labour	No. of working days	No. of labour days	Total cost (Rs.)	Total revenue (Rs.)	Cost per labour day (Rs.)	Revenue from labour day (Rs.)	Difference (Rs.)	Percentage (Rs.)
1	Vellimon CVCS No.293	14	227	3178	777730	818943	244.72	257.70	12.96	5.03
2	Pampalil CVCSs No.864	18	250	4500	973586	966350	216.35	214.74	-1.60	-0.74
3	Kandachira CVCSs No.50	15	149	2235	581230	540176	260.05	241.69	-18.36	-7.06
4	Cherumoodu CVCSs No.119	11	193	2123	585218	560346	275.66	263.94	-11.71	-4.25
5	Kanjiracode CVCSs No.358	8	40	320	70016	59118	218.8	184.74	-34.05	-15.57
6	Pulikuzhi CVCSs No.626	16	270	4320	1261835	1301593	292.09	301.29	9.20	3.05
7	Kuzhiyam CVCSs No.629	13	102	1326	280347	244525	211.42	184.40	-27.01	-12.78
8	Charukadu CVCSs No.631	14	195	2730	815990	779929	298.90	285.69	-13.20	-4.42
9	Vellimon east CVCSs No.861	13	184	2392	590297	574033	246.78	239.99	-6.79	-2.76
10	Nanthirical CVCSs No.862	12	152	1824	205087	173996	112.44	95.39	-17.04	-15.16
11	Pampalil east CVCSs No.866	16	263	4208	1269746	1245715	301.75	296.03	-5.71	-1.9
12	Kanjiracode CVCSs No 872	9	303	2727	481067	439195	176.41	161.05	-15.35	-8.7
13	Perinadu CVCSs No.873	28	203	5684	1646880	1642864	289.74	289.03	-0.71	-0.24
14	Chemmakkadu CVCS No.	20	152	3040	1035168	924554	340.51	304.11	36.38	0.11



The Table provides a cost-volume profit analysis of the performance of CVCS under Kundara circle for the financial year 2013-14. The macro level analysis of the profit and loss statement is given in the Table. The micro level (per labour day) and the macro level (CVCS level) results of this analysis reveal the uniformity of loss percentages.

Vellimon and Pulikkuzhi CVCS make profit whereas all the other 11 CVCS make losses of which Kanjiracode and Nanthirical contributes heavily (15% loss each). Strictly speaking, Perinadu CVCS out-performed all other CVCS by generating maximum labour days (5684) at a minimum level of loss (0.243 percent). This indicates the operational commitment of the management of the society and adherence to the co-operative objective of providing maximum number of days of work to the workers despite keeping the unit non-functional to reduce the operating loss.

### Karunagapally circle

In order to have a clear understanding about the performance and functioning of the co-operative segment, a detailed analysis about the sampled societies located in Karunagapally, Kundara and Alappuzha circles are made. A detailed examination of the financial statement of those societies is made. The result of the analysis of the profit and loss statements of the societies in Karunagapally circle is given in Table 2.01. Karunagapally circle consists of 13 operational CVCS.

Table No. 3.11

### Gross Profit/Loss of Coir Co-operative Societies in Karunagapally circle

Sl. No	Name of Society	Sales	Cost	Profit/loss	Gross profit Ratio
1	Adhinadu North CVSS No. 488	90,270.00	110,543.00	(20,273.00)	(22.46)
2	Alappadu Mannel kadavu CVSS No. 868	181,196.00	285,009.80	(103,813.80)	(57.29)
3	Ayanivelikulangara CVSS No.497	143,004.00	238,921.90	(95,917.90)	(67.07)*
4	Clappana CVSS No.431	1,777,551.00	1,521,724.00	255,827.00 (Profit)	14.39*
5	Karunagappaly CVSS No.3067	134,385.00	192,987.00	(58,602.00)	(43.61)

6	Kattilkadavu CVSS No. 389	90,504.00	123,931.00	(33,427.00)	(36.93)
7	Kozhikodu CVSS No.74	39,375.00	50,867.00	(11,492.00)	(29.19)
8	Maruthurkulangara North CVSS No.474	301,905.00	461,200.00	(159,295.00)	(52.76)
9	Pallikadavu CVSS No.844	1,073,484.00	1,074,501.00	(1,017.00)	(0.09)*
10	Prayyar South CVSS No. 547	161,400.00	195,039.00	(33,639.00)	(20.84)
11	Puthumannelkadavu CVSS No.874	625,350.00	709,295.00	(83,945.00)	(13.42)
12	Thurayilkunnu CVSS No.327	274,809.00	416,082.00	(141,273.00)	(51.41)
13	Vazhakuttathilkadavu CVSS No. 642	616,036.00	719,745.00	(103,709.00)	(16.83)

Source: Project report, Kollam circle

Table No. 3.11 shows the operating profit/loss of the societies in Karunagapally circle for the period of 2014-15. The result of analysis reveals that Clappana CVSS No. 431 is the only society which makes profit from the coir business in this region. Ayanivelikulangara CVSS No. 497 has made record loss of (67.0 per cent) compared to other societies. It is found that this society has made a limited sales activity. The lowest gross loss (0.09 per cent) incurred in this circle belongs to Pallikkadavu CVSS No, 844. The percentage of loss closely relates to its operational activities. It is found that the volume of loss cumulates directly in proportion to the increase in the number of working days in a year.

Table 3.12  
Stock turnover ratio of  
Coir Co-operative Societies in Karunagapally circle

Sl. No	Name of Society	Opening stock	Purchase and Direct expenses	Closing Stock	Stock turnover Ratio
1	Adhinadu North CVCS No. 488	0	97,920.00	7,650.00	23.60
2	Alappadu Mannel kadavu CVCS No. 868	64,578.00	103,122.00	63,558.00	1.63
3	Ayanivelikulangara CVCS No.497	0	143,004.00	0	0.00
4	Clappana CVCS No.431	0	1,736,167.00	240,304.00	12.45
5	Karunagappaly CVCS No.3067	55,358.00	73,334.80	5,692.20	5.41
6	Kattilkadavu CVCS No. 389	24,517.50	80,822.00	14,835.50	4.60
7	Kozhikodu CVCS No.74	0	39,375.00	0	0.00
8	Maruthurkulangara North CVCS No.474	22,500.00	288,805.00	9,400.00	18.93
9	Pallikadavu CVCS No.844	0	1,073,484.00	0	0.00
10	Prayar South CVCS No. 547	0	105,800.00	6,440.00	30.86
11	Puthumannelkadavu CVCS No.874	0	692,462.00	67,112.00	18.64
12	Thurayilkunnu CVCS No.327	0	274,809.00	0	0.00
13	Vazhakuttathilkadavu CVCS No. 642	0	616,036.00	0	0.00
14	Kettidathil Kadavu CVCS No.Q1107	0	29,704.20	29,704.20	0.00

The stock turnover ratio of Prayer South Coir Co-operative Society in Karunagappally circle shows that the inventory turnover ratio is 30.86 times. Stock turnover ratio of Aadinadu North CVCS No. 488 shows the second highest (23.60 times). A low stock turnover ratio results in blocking of funds in inventory that leads to financial crisis. The results of seven societies were not given in the Table, as these societies do not have neither opening nor closing stock. These societies are partially functional units.

A detailed examination of the individual societies has provided vital information relating the problems and prospects faced by these units. Table No. 3.13 presents the details regarding the comparative performance evaluation of Adinadu North CVCS No.488.

Table No. 3.13

Comparative Income Statement of Aadhinadu North CVCS No. 488  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
	₹	₹	₹	%
Sales	544,492.00	90,270.00	(454,222.00)	(83.42)
Less: Cost of goods sold	598,314.00	103,943.00	(494,371.00)	(82.63)
Gross profit/loss	(53,822.00)	(13,673.00)	40,149.00	74.60
Less: Admin. Expenses	187,880.00	161,024.00	(26,856.00)	(14.29)
Selling expenses	16,236.00	6,600.00	(9,636.00)	(59.35)
Total operating expenses	204,116.00	167,624.00	(36,492.00)	(17.88)
Operating profit/loss	(257,938.00)	(181,297.00)	76,641.00	29.71
Add: non-operating income	0.00	0.00	0.00	0.00
Net profit /loss	(257,938.00)	(181,297.00)	76,641.00	29.71

The comparative income statement analysis reveals that, at present, this society is running at a loss. The society's net loss in 2013-14 was ₹ -257938 and ₹ -181297 in 2014-15. It shows that there is a decreasing trend in production and sales over the previous year. The gross loss shows a decrease in the current year (74.60 %). The net loss of the society reveals that only 29.71 per cent decrease was there in 2014-15, because the increase of operating expenses of the current year is marginal compared to 2013-14. The low volume of sales due to the low production and low level of operation reveals the reluctance on the part of the management to provide more days of employment to the workers in order to avoid the accumulating volume of loss.

Table No. 3.14

## Statement of Labour Efficiency (2014-15) Circle: Karunagapally

Sl. No	Name of society	Total cost	Total revenue	No. of labour day	Cost /labour day	Revenue per labour day	Difference	Percent age
1.	Aadhinadu North C.V.S.S No.488	110543	90270	870	127.06	103.76	-23.30	-18.34
2.	Alappadu Mannel kadavu C.V.S.S. No.868	285009.8	103122	325	876.95	317.30	-559.66	-63.82
3.	Ayanivelikulangara C.V.S.S. No.497	238921.9	143004	750	318.56	190.67	-127.90	-40.15
4.	Clappana C.V.S.S. No.431	1467974	1736167	9612	152.72	180.62	27.90	18.27
5.	Karunagapally C.V.S.S. No.3067	192987	73334.8	1000	193	73.33	-119.65	-62.00
6.	Kaattilkadavu C.V.S.S. No.389	123931	80522	319	388.50	252.42	-136.08	-35.03
7.	Kozhikode C.V.S.S. No.74	50867	39375	81	628	486.11	-141.88	-22.60
8.	Maruthurkulangara North C.V.S.S. No.474	445157	288805	1320	337.24	218.80	-118.45	-35.12
9.	Pallikadavu C.V.S.S. No.844	446724	1073484	4144	107.80	259.05	151.25	140.30
10	Prayer South C.V.S.S. No.547	116539	105800	432	269.77	244.91	-24.86	-9.21
11.	Puthu Mannel Kadavu C.V.S.S. No.874	698585	692462	2646	264.02	261.70	-2.32	-0.88
12.	Thurayil Kunnu C.V.S.S. No.327	184031	274809	2250	81.80	122.14	40.35	49.33
13.	Vazhakoottathil Kadavu C.V.S.S. No.642	719745	616036	3576	201.27	172.27	-29	-14.41
14.	Kettidathil Kadavu C.V.S.S. No.Q1107	--	29704.2	205	0	144.90	144.90	--
	Total	5081014.7	5347095	27490				

Table No. 3.14 reveals the efficiency level of labourers working in various CVCS under Karunagapally Circle for the year 2014-15. As per the data, Thurayil Kunnu ranks top with a surplus of 49 per cent and Clappana ranks second with 18 per cent. All the other 12 societies out of the total 14 are loss-making units. As the data of one CVCS, (Kettidathil Kadavu) is not available, computation has not been done with regard to that society. It is observed that the overall performance of this circle is below satisfactory level.

The comparative income statement analysis of Vazhakoottathil kadavu CVCS reveals increasing trend in the sales value (13.17 per cent). The cost of goods sold in the current year shows the same trend as compared to previous year (2013-14). The stability of cost of goods sold in the current year supports the decrease in the gross and net loss for the current year. The performance level of this society reveals its efficiency. Instead of increasing the net loss with increase in the volume of sales, it recorded a decline (8.35%). This society has rendered sufficiently longer period of working days to its employees namely, 3536 labour days.

Table No. 3.15

Statement of profit or loss for the year 2014-15  
(CVCS Karunagapally Circle)

Sl. No	Name of society	No. of labourers	No. of working days	No. of labour days	Total cost	Total revenue	Profit/ loss	Percentage
1.	Aadhinadu North C.V.S.S No.488	29	30	870	110543	90270	(20273)	-18.34
2.	Alappadu mannel kadavu C.V.S.S. No.868	13	25	325	285009.8	103122	(181887.8)	-63.82
3.	Ayanivelikulangara C.V.S.S. No.497	25	30	750	238921.9	143004	(95917.9)	-40.15
4.	Clappana C.V.S.S. No.431	36	267	9612	1467974	1736167	268193	18.27
5.	Karunagapally C.V.S.S. No.3067	10	100	1000	192987	73334.8	(119652.2)	-62.00
6.	Kaattilkadavu C.V.S.S. No.389	29	11	319	123931	80522	(43409)	-35.03
7.	Kozhikode C.V.S.S. No.74	9	9	81	50867	39375	(11492)	-22.60
8.	Maruthurkulangara North C.V.S.S. No.474	33	40	1320	445157	288805	(156352)	-35.12
9.	Pallikadavu C.V.S.S. No.844	16	259	4144	446724	1073484	626760	140.30
10.	Prayer south C.V.S.S. No.547	12	36	432	116539	105800	(10739)	-9.21
11.	Puthu mannel Kadavu C.V.S.S. No.874	18	147	2646	698585	692462	(6123)	-0.88
12.	Thurayil Kunnu C.V.S.S. No.327	45	50	2250	184031	274809	90778	49.33
13.	Vazhakoottathil Kadavu C.V.S.S. No.642	34	104	3536	719745	616036	(103709)	-14.41
14.	Kettidathil Kadavu C.V.S.S. No.Q1107	5	41	205		29704.2	29704.2	-18.34
	Total	314	1149	27490	5081014.7	5347095	(266080.3)	

Table No. 3.15 shows the statement of profit or loss made by the societies under Karunagapally circle for the period of 2014-15. As labour surplus percentage equates with the performance efficiency of the CVCS, the per cent of surplus or deficiency is the same figure as that of the Table No. 3.14. Pallikkadavu CVCS has proved as the most inefficient unit with 140 per cent loss followed by Puthumannel Kadavu with 64 per cent loss. A lot of reasons are there for the poor performance of these societies. Among them, higher cost of raw materials and lower level of revenue returns are the reasons for the poor performance of the societies.

### Coir Co-operatives in Alappuzha Region

At present, no traditional and functional defibering units are there in Alappuzha and Kollam Circles. Based on the method of operation, co-operative societies may be classified into three groups namely;

- Societies manufacturing coir in the traditional way
- Fully mechanized societies and
- Societies manufacturing coir in the traditional as well as in the mechanised way

For the year 2012-13, this region manufactured coir to the level of 23882 quintals of fiber costing Rs.900.45 crore. A coir worker of a society who produces 20kg of coir on an average is eligible for a daily wage of Rs.300 (Rs.190 from the society and Rs.110 as incentive from Coirfed). The standard output that can be produced from one quintal of fiber ranges from 75 to 90 kgs. of coir (outage). In Alappuzha region, the total quantity of coir manufactured during 2011 was 18686 quintal and for 2012 it was 23881 quintal. During the period of one year, the increase in the production of coir was to the extent of 5195 quintals. Regarding the activities of mat and mattings, out of the 26 co-operative societies functioning 7 units made profit, whereas 19 were operationally loss-making units.



Table No. 3.16  
Summarised Report of  
Alappuzha Coir Project 2014-15

Quantity of coir produced in quintal	28211.33
Quantity of coir produced in price	16.15 crores
Quantity of fiber produced in quintal	664.89
Quantity of fiber produced in price	7.18 lakh
Number of coir societies	56
Number of members worked	6258
Qty produced per unit of two workers:	20 kg/day
Salary per worker	Rs.300/day
Qty of coir produced in the last year	30529.53 qtl
Qty of coir produced in the current year	28545.42
Shortage	1984.11
Membership in coir societies	34,756 (11%)
Workers in private sector	2, 77,244 (89%)
Total number of workers under Alappuzha Coir project	3,12,000 (100%)

It is observed that in the year 2014-15, workers' number reduced considerably. Reason for the reduction is that a section of the coir workers shifted their area of operation to MNREGP scheme. The wage per day to a labourer in MNREGP is Rs.385/- comparatively higher than what they get from coir units. Under the scheme, workers generally do less quantum of work and less working hours.

Table No. 3.17  
Volume of Production, Sales and Profit 2014-15  
CVCS Cherthala Circle

Sl. No.	Name of the Society	Total Production (Rs.)	Total Sales (Rs.)	Profit/Loss (Rs.)
1	Nedumpurakkad CVCS 552	18286550	10618411	238278
2	Chenganda CVCS 555	13753050	14196987	207981
3	Poothotta CVCS 825	1037200	1007010	-29105
4	Kalathiveedu CVCS 1108	11187750	11222420	35214
5	Thirunalloor CVCS A558	5435000	5330817	285720

Table No. 3.18  
Comparative Functional Statement of CVCS Under Cherthala Circle

Name of Society	No. of working days		%	No of workers		%	Wages paid		Increase/ Decrease	%
	2013-14	2014-15		2013-14	2014-15		2013-14	2014-15		
Nedumpurakkad CVCS 552	180	180	0	400	490	23	6,431,596	9,266,475	2,834,879	44
Chenganda CVCS 555	240	240	0	550	550	0	5,924,444	7,103,104	1,178,660	20
Poothotta CVCS 825	65	61	(6)	122	148	21	856,590	585,918	(270,672)	(32)
Kalathiveedu CVCS 1108	300	305	2	305	425	39	2,469,783	3,821,343	1,351,560	55
Thirunalloor CVCS 558	205	102	(50)	174	178	2	1,273,674	1,697,453	423,779	33

A comparative statement analysis of five major societies under Cherthala Project Circle revealed the following results. Nedumpurakkad CVCS result shows that increase in the wages paid to workers engaged in coir production was to the extent of 44 per cent. The number of workers in this society engaged in the coir production was comparatively high. For the current financial year, Kalathiveedu Society has provided 305 working days to 425 workers. Kalathi veedu society ranked top by generating 129625 labour days followed by Changanda CVCS No. 555 ranked second by generating 126000 labour days. In Alappuzha and Cherthala region, it is observed that more number of employees are working and more working days are generated, compared to other societies functioning in other circles.

Labour cost also got increased in the current year as compared to the previous year (2013-14). The highest increase in wage payment (55%) is recorded in Kalathiveedu CVCS as there is an increase of 39% in the number of workers. The societies of Cherthala region reveal that these societies, on an average, provided 177 working days to 358 workers for the current financial year (2014-15).

From Chirayinkeezhu circle, data from a few cooperative societies were collected and presented here.

Edayar Coir Vyavasaya Cooperative Society,  
Thiruvallom, Thiruvananthapuram

The society was initiated by a small group of 10 persons. Presently, the number of members has increased to 986. According to the current voters list, the number of live members is 618.

According to the wage register, there are 24 workers. On an average, a worker gets 15 – 16 days work per month. The average daily wage actually earned by a worker is Rs. 125 which means the monthly income is about Rs. 1875. Recently, the State government has introduced an Income Support Scheme (ISS). Accordingly, it has stipulated a production target of 5 kg output for a day for which the wage is Rs. 300. The society has to pay Rs. 190 directly to the worker and the balance of Rs. 110 will be remitted to his personal bank account by the Government. (Examine the daily wage register of the workers for a full month and copy it – study the scheme also) Obviously, the wage is very unattractive. During 2013 - 14 the workers were paid the bonus of 10.5%. The practice is to enhance the bonus by 0.5% every year. Major decisions are taken at the Welfare Fund Board office in Chirayinkeezhu.

Coir spinning is the major activity. Husks are obtained from regular suppliers. The ratts are manually operated. The finished products are transported to Coirfed in Alappuzha.

Members of the cooperative are enrolled in the welfare fund scheme of the Dept. of Labour. The cooperative will remit Rs. 1860 as annual contribution of each member in addition to Rs. 20 per month remitted by the member himself.

The Society established a mechanized spinning unit (ICDP) on 30-6-2002 with loan obtained from a bank. Somehow or other it could not work in full swing due to various functional difficulties. Presently, the machines are idle and in a rusted condition and the work-shed also are in a dilapidated condition. The administrative setup of the Society is at a loss as to what is to be done for reviving the unit. The President and the Secretary could have solicited the help of some expert and avoided the crisis.

Meanwhile, under a revival scheme for sick cooperatives, the Society has received, as a loan, Rs. 1,50,000 for installing a de-fibering unit. As usual, the project did not materialize. The Society is seeking the permission of the government to convert the amount into working capital. The Dept. of Coir is against it, till date.

Due to chronic financial difficulties and lack of working capital, the unit frequently becomes dysfunctional. The net result was the increasing dropout of the workers.

Another impending problem is the fast aging ratts which demand frequent repair work which is costly. According to the President, it is time for procuring new ratts and discard the old ones. Otherwise, work will get disrupted. The problem is to find money.

Yet another problem is the fast accumulating current bill. Presently (2007-2008), the bill arrears is Rs. 30,621.

#### Perettil CVCS

##### Mungode

This is almost a dysfunctional unit at present. It was started in 1956. The initiative came from Sri. S. Gopalan and Sri. Raghavan. There was no difficulty in getting the unit registered. The number of share holders at present is 850. However, the number of active workers is only 20. The capital was raised from shareholders at the rate of Rs. 10 per share. They get work for about 150 days per year. Daily wage at present is Rs. 300 – Rs. 195 from the Society and Rs. 105 as grant by the State Government. The annual bonus is 15% of the total earnings.

The unit has been in existence for the past 59 years. It stated functioning with a few traditional ratt and that continues even today. No attempt has been made to procure motorized/electronic ratts so far. It is obvious that manual labour cannot lead the unit forward towards prosperity because the production and productivity are bound to be very low. Current status of working capital is about Rs. 1 lakh and the status of debt is Rs. 61 lakh. Due to shortage of money to meet the day-to-day expenses, the unit remained closed during 2012-14. Presently, it is working with 20 member workers.

According to the President, "The State Govt. has spent crores of rupees for promoting the coir sector. We have no idea as to how the money was spent and who benefited. Several commissions have been appointed to study the needs and problems of the coir industry in Kerala. The studies were of no use. The Coir Development Department is also of no use. What is intended for labour should reach them. At least 300 days of work per year should be guaranteed for the workers."

#### Needs and problems

1. The price offered by Coirfed has to be increased to cover the actual cost of production, unit administrative expenses plus reasonable profit. At present, the price is fixed unilaterally by a Committee constituted by Coirfed.
2. There is acute shortage of coconut fiber. These are supplied by private parties who are in the habit of increasing the prices every now and then. Govt. has no control over them. In the beginning, the unit used to procure husks and ret them in ponds nearby.
3. The Government has to make arrangements for the regular payment of the monthly salary due to the employees of CVCS.
4. Government should set up modern ratts in CVCS to increase production and profit.
5. Member-workers should be given pension and other social security benefits also bonus and leave surrender facilities
6. Government should write-off the loan burden of Rs. 61 lakh plus interests obtained from the District Cooperative Bank. It should also provide enough working capital for reviving the unit. However, the share holders numbering about 850 are not willing to invest money in the unit.
7. Schemes have to be developed for protecting the health of the workers.
8. Government should make arrangements for effectively marketing the products.
9. The Coir Research institute is set up at Kudappanakunnu in Trivandrum is yet to come out with new machines and tools
10. It is difficult to get a suitable Secretary for the unit, since the managing trust is unable to pay the prescribed monthly salary of Rs. 3000. (Many other societies nearby also do not have secretaries for the same reason.)

This unit has a machine to de-fiber retted husks. But now it is in dysfunctional due to some technical faults. The unit at present doesn't have money to get it repaired. Retted husks are not readily available.

## Perunguzhi CVCS Ltd.

No. 3053

This spinning unit was started on 29<sup>th</sup> May, 1950. The initiative came from Messrs. Janardhanan, K.P. Kunjan, T.A. Shanmughadas, Madhavan, Bhaskaran and Habeeb.

In the beginning the unit started production in the premises of a rented building. Since there was no security, there were occasional theft of husks and fiber. The shareholders met the then Minister for Industry Sri. T.V. Thomas who provided Rs. 50,000 as additional capital. The total capital mobilized was Rs. 19,63,047 (Rs. 5,62,690 contributed by shareholders and 14,00,357 by the State Govt.) The premises of the present work-shed consist of 1.5 acres and there is considerable income from coconut trees.

Presently, the unit has a saving of Rs. 2,34,777 (March 2015), but a debt of Rs. 6,40,889. The accounts are maintained at the District Cooperative Bank.

At the beginning, there were 200 shareholders but at present, the number is 1515. However, the number of workers is about 200. On an average, they get 20 – 25 days of work per month. The daily wages is Rs.300 and get an annual bonus of 15.5% of their total earnings during the accounting year.

### Status of mechanization

In the beginning, there were a few traditional ratts. Presently, there are 3 automatic ratts, 9 electronic ratts, 33 traditional ratts, a husk-beating mill, 3 de-fibering machines and a fiber-cleaning mill.

### Marketing

The products are sold to Coirfed. Sometimes, there is delay in payment by Coirfed which puts the unit in financial difficulties.

## Current financial position

Year		Net profit/loss (in Rs.)	
2005-06	-	19,558	Net profit
2006-07	-	55,011	Net profit
2007-08	-	5,04,274	Net loss
2008-09	-	2,83,427	Net loss (a pick-up was bought for the Sanghom)
2009-10	-	2,24,545	Net loss (PMI grant received)
2010-11	-	4,19,930	Net profit
2011-12	-	98,661	Net profit
2012-13	-	68,400	Net profit
2013-14	-	4,588	Net profit
2014-15	-	14,121	Net profit

How do they generate profits consistently? What are the factors which contribute it?

## Marketing

The products are sold through Coirfed. However, there are serious problems. Payment by Coirfed is not prompt. In 2014-15, arrears of payment reached 12 lakhs which compelled the unit to borrow money from District Cooperative Bank and had to pay the interest. Occasionally, Coirfed is not prompt in buying the products.

The most important lacuna is the prices fixed by Coirfed. It doesn't take into consideration the actual cost of production as well as the administrative expenses of the unit. This is one of the prime reasons for the loss suffered by the units.

## Cost of production

1. Cost of 1200 husks (for 100 kg coir):	Rs.2,400
2. Vattam chelavu:	300
3. Thondu thazhthu coolie:	300
4. Eduppu coolie:	300
5. Enna coolie:	100
6. Pola oorippu coolie:	700
7. Husk beating and fiber cleaning:	900

8. Coir spinning:	6,300
9. Bundling:	350
10. Miscellaneous expenses:	200
11. Bonus at 15%:	1,775
	-----
Total	13,625
12. Sale price of 100 kg coir + PMI: (8850+885)	9,735
	-----
13. Net loss:	3,890
	-----

According to the President, cost of production could be reduced if modern electronic ratts are used. Instead of three workers working in traditional units, modern units need only two which brings down the cost. In this unit, many of them are traditional ones. Besides, in Alappuzha district, presently the units make use of dry husks whereas in this unit retted husks are used which obviously increases the process cost. In Chirayinkeezhu - Anchuthengu areas, enough dry husks are not available. One of the reasons is most of the coconut trees are afflicted with katthuveezhcha.

Another reason for loss or low margin of profit is due to the manipulated dynamics of the market. When the price of coir increases in the internal and international market, traders correspondingly increase the price of husks thereby reducing or neutralizing the profit due to the production unit. The traders get the benefit. This in fact, is one of the ugly faces of neo-liberal capitalism.

#### Coir Inspector

Visits occasionally and examines the registers. To get the various benefits offered by the State Govt., Inspectors' recommendations are necessary.

#### Difficulties experienced by the unit

1. The unit is suffering from shortage of working capital at present
2. Frequent delay in getting the payment from Coirfed
3. Total production cost is higher than the selling price offered by Coirfed
4. The wage of Rs. 300 per day is very unattractive and hence, youngsters are unwilling to take up work in the unit
5. Shortage of dry husks in the locality
6. Interest rate for loans availed of is very high – 14% (Govt. should intervene and get the rate reduced to 4 or 5 %)



## Suggestions mooted by the President

The President and the Secretary have certain suggestions for overcoming the difficulties:

1. The State Govt. should ensure adequate working capital at low interest rate for CVCS
2. Govt. should make arrangements for collecting dry husks and supply them to the units at moderate prices. This is required to protect the units against exploitation by private traders.
3. Coirfed should be instructed to fix reasonable prices for the products taking into consideration the actual cost of production, administrative expenses, bonus and other fringe benefits paid to labourer including Provident Fund, Gratuity (Get a list of benefits given to workers)
4. Coirfed should disburse the money due to the societies without undue delay
5. The present minimum wages of Rs. 300 should be increased to Rs. 500 per day with government support
6. Total Mechanisation and modernization is necessary for higher productivity and profitability. The efficiency and effectiveness of Coirfed have to be enhanced considerably so that higher prices and more sales could be guaranteed to the member CVCSs.

The investigators could visit the unit and observe its working. It has sufficient infrastructural facilities including two work-sheds and a well-furnished office. At the time of the visit, they found that half the production is mechanized using electronic ratts and de-fibering machines. The rest is done by manual labour. Out of the 20 traditional ratts, 12 were active in full swing. Major records are being maintained and made available to the investigators for perusal. In general, it can be stated that this is a stable unit, more or less efficiently managed.

Kovalam CVCS  
Nedumam, Kovalam

The unit was registered in 1955 and became functional next year. It was established in Kazhuvur thanks to the efforts of Sri. G. Vivekanandan, EX MLA. It is dysfunctional for the past three years. At the beginning, there were 904 shareholders which has reduced to 546.

At the beginning there were 240 workers and at the time of informal work stoppage, there were 85. They received Rs. 300 as wages. As bonus, those who worked during 2012-13 (90 workers) got annual bonus of Rs. 750 from the Labour Office.

Even though the unit is dysfunctional at present, the State Government has given Rs. 54,110 during 2014-15. However, it has at present a debt burden of Rs. 10,41,215 with penal interest due from 12-05-2006.

The unit doesn't have enough working capital at present. For the past 7 years, there was no electricity due to huge arrears of payment. For namesake, there is a Secretary is allowed to take Rs. 3000 per month from the incomes of the unit but since there are no incomes, there is no payment also except twice or thrice.

Kadakkavur South CVCS  
Kadakkavur

The unit was registered on 29-12-1956 and it started production in March 1957. The initial step was to collect the coir spun by household units and sell them at the markets in Alappuzha. In 1975, the unit was shifted to Thekkumbhagam in Kadakkavur where the society was able to obtain a spacious premise of 3 acre and 75 cents.

At present, there are 1115 shareholders. There were 50 traditional ratts during the early years and a labour force of about 350 workers. Presently, there are only 4 workers.

The coir spun has a brand name namely, Vettoor Special Coir. In the beginning, there was only manual labour operating the ratts. Gradually, electronic ratts and automatic spinning machines were introduced and the quantum of production increased very much. Presently, these machines are dysfunctional due to lack of business. Incidentally, it was pointed out that the workers in this area are in general, against machanisation. They like traditional ratts to work with.

The unit had a capital of Rs. 21,47,120. It consisted of a grant from the government – Rs. 4 Lakhs. Added to this is the income from the big 3 acre premises which is full of coconut trees. However, the unit is in financial trouble with an accumulated debt of Rs. 40 lakhs. Added to this is the arrears of contribution to the welfare fund for coir workers and also compensation of Rs. 10,000 as per the Workmen's Compensation Act. It is obvious that the unit is in financial difficulties. The local Electricity Office has disconnected the supply.

Marketing was facilitated by Coirfed. However, the price fixed by them is less than the actual production cost and payment also is delayed. Another problem is the difficulty in procuring fiber and also the frequent increase in its price. For instance, 6 months ago, fiber of 1000 husks cost about Rs. 3600 in the private market. Presently, it has increased to Rs. 3900. Coirfed do not in any way compensate the frequent increases in the price of fiber or husks.

The Secretary does not report for duty because the unit is not in a position to pay his remuneration. According to the President, the difficulties experienced in managing the unit are:

1. Shortage of husks/fiber
2. Low quality of the fiber supplied by private traders
3. Frequent increase in the price of husks/fiber which Coirfed does not compensate
4. Difficulty in procuring (women) workers due to the MNREGS
5. Delay in the payment of price by Coirfed which upsets the working capital

## Soft approach

According to the byelaws, there should be a Secretary with good educational background but not a shareholder of the unit to manage the finance, maintain the records and help the managing committee to run the business profitably. He or she is a paid employee who is expected to take care of the technical aspects of office management. He/she is to be paid a monthly salary of Rs. 3000 to begin with which is to be paid from the incomes generated by the unit. Many of the units could not pay even this small salary and hence, function without the Secretary. Hence, many units we visited could not produce records for examination. Units which are inactive for several months suddenly mobilize some working capital, buy husks/fiber, spin and produce coir products, sell them, generate some income, become "live" and qualify themselves for "benefits" due from the State Government. The Coir Inspectors, in general, take a soft attitude towards such units. In this respect, the audit section of the Dept. of Cooperation also is soft. Getting an audited report of accounts is also very easy.

## Views of the President of Kandachira CVCS

In an interview with the President of Kandachira CVCS, Sri. Wilson (belongs to the Kundara circle) shared his view that, "in the present scenario, cooperative societies can be managed successfully. If a society is running at a loss, it is due to managerial inefficiency. A veteran in the field of coir manufacturing, having inherited expertise in this field, he supplies raw material in large quantities to a good number of societies extending to various circles. The raw material procured from Madurai is supplied to almost all co-operative societies, materials on credit for a long term basis. In addition to this, he has his own manufacturing unit (traditional).

All efforts on the part of Coirfed, Coir Board and government agencies to mechanise this sector has resulted in wastage of public money and time, he added. He suggested that a centralized system of manufacturing and marketing is necessary to make this sector profitable. Almost all members of the management committee and the President do not have technical knowhow, managerial efficiency or even basic education, he observed. Majority among these people lacks commitment, dedication, honesty and sincerity. Governments, both central and state are ready to supply machineries free of cost, but do not bother to supervise or monitor, thereafter. Machines costing crores of rupees are

kept idle without being operated even for a week (eg: Kuzhiyam CVCS). Huge revenue loss to the Exchequer is the only thing that happens. The government agencies do not bother about the operational feasibility of the machineries supplied to society. Majority of workers lacks training and technical knowhow to operate the automatic or semi automatic machines. Societies having machineries allotted by the government or Coir Board, are located at remote areas not having even road accessibility and electricity connection. Nobody bothers about the aftermath of the implementation, whether centrally sponsored or regionally."

### Mechanization

From observations and analysis, it is ascertained that use of motorized ratt is a major cause for the higher amount of loss in 'A' class society. This is because there is a marginal price difference of Rs. 5-10/kg of output between the prices of the traditionally manufactured Kerala coir and mechanically manufactured Tamil Nadu coir. The value of Kerala coir per kilogram is Rs.46 whereas Tamil Nadu coir is available in the market for Rs. 36-38 per kg. Besides in manufacturing process, percentage of wastage of brown fiber is higher and the quality of coir is inferior. The cost of production of coir from brown fiber is also high in this method. For example, 26-28 kg of coir can be manufactured from 30 kg of locally manufactured fiber through traditional method; whereas 20-22 kg of coir can be produced from brown fiber through motorized ratt. Yet, retting husks in ponds, canals and lakes is to be discouraged since it pollutes the water bodies and also affects the health of the workers.

For the process of defibering, mechanization is advisable as the cost of production is less when compared to the traditional method. On the labour front, the cost of production of the mechanized defibering unit is comparatively higher in Kerala as the labour cost is also high. It is observed that the procurement cost of husk alone costs Rs. 1500 per 1000 husks, out of which 70 kgs of brown fiber can be produced. Alternatively, 70 kg of fiber bought from Tamil Nadu costs only Rs. 600 to 700. Hence, it is advisable for the societies, on economic perspective, to buy low-cost Tamil Nadu fiber to reduce the cost of production.

The CVCS have certain favourable factors for successful working like its own infrastructure facilities, manufacturing activities at the convenience of members, assistance from government in the form of grants and subsidies etc. But these societies are faced with a number of constraints.

### 3.7 The constraints

#### 3.7.1 Working capital shortage

In spite of all governmental support like Revival Assistance, Working Capital loan, ICDP loan and other subsidies, the CVCS are facing the problem of working capital shortage. The lengthy production process and blocking up of working capital are the reasons for this state of affairs. Once working capital is invested, it has to be rolled on. But in CVCS, the problem is that after procurement of green husks, it takes 7 to 9 months to get them retted. As running concerns, they carry out yarn manufacturing activity using old stock. But they have to pay wages and meet all other establishment and contingency expenses. These constitute a major share of their cost of production. The products are transferred to Coirfed but it takes its own time to pay back the sale proceeds. Sometimes, it takes months. This results in working capital shortage and that forces some CVCS to stop production. It is observed that around 90 % of the societies we visited, are experiencing working capital shortage. Besides, most of these units are heavily indebted to banks and hence, they refuse further loans. This is a serious issue because, if left unattended, these units are bound to die.

#### 3.7.2 Higher price of raw material

At present, CVCS have to procure husk from the open market. Naturally, they have to compete with other private manufacturing firms for purchasing it. Husk passes through several intermediaries which obviously, adds the price.

#### 3.7.3 Procurement of husk

Husks riped between January and March are of high quality and that yield maximum fiber. Hence, the units have to purchase raw husk in the right season from the right place and in required quantity. But, they fail to do so because of shortage of working capital. This results in high raw material cost (Rs.1.50 per piece) and interruptions in production.

#### 3.7.4 Non- availability of workers

Though Kerala is endowed with abundance of man power, coir societies are facing labour shortage. Survey results reveal that lack of certainty of regular work in coir societies forces workers to go in search of work in private coir sector or other sectors from where they get continuous work. The survey among coir households also revealed this situation. The Secretaries of CVCS have often to visit the households in neighbourhood in search of workers during busy periods of production.

### 3.7.5 Disparities

Several disparities were found even in the audited report. Disagreement in figures was found in the annual performance report of the CVCS. The explanations given by the Coir Inspectors were found to be not satisfactory. Hence, periodic cross verification of the records as well as the actual functioning of the units by higher officials is necessary in this regard.

The secretaries of the CVCS are responsible for the smooth functioning of the societies. Coir Inspectors are there to supervise and monitor the units and facilitate smooth functioning. They are the certifying officials in matters of finance, accounting and administration.

The Secretaries have the authority to look after the day-to-day working of the units. They are meagerly paid employees. Their remuneration varies from Rs.3, 000 – 10,000 per month, depending upon their seniority. Due to financial crisis, salary is not regularly disbursed. One of the Secretaries who, we met at the Coirfed godown in Alappuzha complained that, "I have been working in this unit for the past 37 years and my salary arrears at present amount to Rs. 5 lakh."

In some societies, it is observed that the secretaries and the presidents are only occasional visitors. In most societies, secretaries are ladies. They hold on to the post only to get eligibility to be absorbed in the Co-operative Department of the State Government as regular employees, based on service quota weightage.

### 3.7.6 To become eligible

Majority of the societies are dysfunctional due to financial crisis and working capital shortage. However, they eagerly look for the annual government grants, subsidies and other financial assistance. To claim these, some CVCS temporarily make arrangements to become active and start production for a short period of one month or two. Prepare appropriate records, get the audited statement of accounts and eligible certificates to claim the benefits.

### 3.7.7 Marketing

CVCS have to sell their products to Coirfed. They are not allowed to market them through private parties. During the survey, it was observed that some societies sell yarn to Mats and Mattings owned by private parties or to local people for agricultural purpose. Some units make thick yarn, known as 'vadam' to meet local demands. Ready cash, less technical formalities and higher price are the reasons that encourage CVCS to follow this practice. This need not be discouraged.

Secretaries of CVCS regularly complain about the unscientific way of measuring quality of yarn by the Coirfed. For quality check, Coirfed takes one bundle of 15 kg coir from a load of 50 quintals of yarn and measures its runnage (Meter per kg.). If Coirfed finds the quality as less than the standard, the entire load of 5000 kg. will be under-priced. The moisture measuring equipment is not used in checking quality. The employees of Coirfed randomly assess the quality with a preconceived notion. To avoid further confrontation and delay, most of the secretaries are forced to accept this procedure.

Another complaint against Coirfed is non-acceptance of produce. As a result, godowns and offices of majority of the societies, are flooded with unsold stock. Due to lack of storage facilities at their disposal, the societies are forced to stop production and consequently, workers go to private manufacturers in search of work at lower wages (Rs. 200 per day). Moreover, due to delay in sale, the yarn gets dried, resulting in further weight-loss and that adds to the cost (of production) since the workers were already paid on the basis of the original weight.

### 3.8 Cooperativisation as a solution

As indicated earlier, the small coir production units were struggling to survive due to lack of working capital, difficulty in procuring husk/fiber, marketing difficulties and rampant exploitation of middlemen traders in selling fiber and in buying the products. To resolve the problem, two committees were constituted by the Central Government (1945) and the Travancore Government (1949). These Committees recommended the re-organisation of the industry on co-operative basis and a scheme was launched by the erstwhile Government of Travancore in 1950 to cooperativise the industry. Which means, the experiment of cooperativisation has been going on for the past 60 years with liberal financial and administrative support from the governments. The net results are disappointing.

The declared objectives of cooperativisation could be taken as the parameters for assessing the performance of the societies.



The scheme included various assistance such as:

1. Share capital assistance for formation of new societies and revitalisation of dormant ones
2. Managerial subsidy
3. Assistance for purchase /modernisation/ renovation of equipment / looms etc.
4. Marketing assistance for opening of sales outlets for sale of coir products by apex coir co-operatives.

During the past 60 years, the State Government and later, the Central Government have through various schemes (See the Appendix) spent a lot of money to provide the assistances listed above through various supporting institutions such as the Directorate of Coir Development, Coirfed, Coir Corporation, Coir Board, Central Coir Research Institute (CCRI) (Alappuzha), Central Institute of Coir Technology (CICT) (Bangalore) and the National Coir Research & Management Institute (NCRMI), Thiruvananthapuram.

The cooperativisation scheme is aimed at:

1. solving the problems of the actual workers and small producers engaged in the industry
2. ensuring them regular work and a living wage
3. stabilising the industry on a sound and stable footing by cutting out middlemen and to stop all corrupt practices; and
4. establishing improved standards and quality so as to attract and ensure a better market for coir products.

It is obvious from what has been presented in this report (and in several reports especially that of Dr. V.S. Jose (2002), Anathalavattom Anandan Coir Commission (2008), KITCO study for Coir Board (2010), the strong efforts of the two governments have not succeeded in realizing any of the declared objectives.

Of the 802 societies, (the new societies numbering 191 have not yet started working; hence, they are not included), only 536 (2015) are working. The rest namely, 266 units are dead after consuming all the subsidies and other benefits showered on them. Among the live units (536), only 164 are generating some profit. Which means, 372 societies are struggling to exist in spite of the support of the State. In other words, only 164 units out of 802 are live at present (20.44 per cent). The rest of the societies (80%) have either failed or failing. The gravity of the problem of revival of the societies is obvious from this analysis.

Table No. 3.19  
Current Status of Cooperative Societies

Sl. No.	Cooperative Societies	No. of Societies as on 31.03.2014	No. of Societies as on 31.03.2015
1	Working	503	536
	i. Profit	154	164
	ii. Loss	349	372
	Total	503	536
2	New societies which have not started working	226	191
3	Dormant societies	136	137
4	Societies under liquidation	105	129
	Total	970	993

Source: Directorate of Coir Development

Another objective of cooperativisation is to provide living wage to the workers so that their standard of living could be considerably improved. It still remains as a distant target. The present wage is Rs. 300 per day out of which Rs. 195 is contributed by the society and the balance of Rs. 105 by the government. It is obvious that this is a recurring burden on the government when we take into consideration that the total number of workers in the cooperative sector is around 188067 (2015, Directorate of Coir Development). About perks, mats and mattings units pay annual bonus (30%), PF, ESI and leave with wages (5 days) Daily wage is Rs. 350. But, the coir vyavasaya societies pay only 15-20% bonus. No other benefit since they do not have the required paying capacity. In this context, the daily wage in the construction sector is around Rs. 750-850 and that in the company coir factories ranges between Rs. 750-1500. This is just to prove that cooperativisation has not benefitted the workers. The present (subsistent) wage in the cooperative sector is far from the target of living wage. The monthly wage gets further reduced because, most of the units could provide work only for 15-20 days a month. In other words, wages could be increased further only with another dose of the income support scheme.

Another objective of the scheme is to “cutout” the middlemen traders and ensure higher income for the societies. This is yet to be achieved. Middlemen along with the exporters still control the price of raw materials and finished products. It is almost impossible to eliminate them.

However, 154 societies in 2014 and 164 in 2015 have earned profits in spite of the impact of several negative factors (See the diagrams). It must be understood that the government can only provide the seed money for starting the enterprise and a few subsidies to overcome occasional financial difficulties. Entrepreneurship and business perspectives, discipline and skills alone can save the cooperative units and take them forward. The onus of turning a loss-making enterprise into a profitable one squarely rests with the president who is the de facto chief executive of the unit and its driving energy, ably supported by the secretary and the Coir Inspector. The trio should be held responsible and accountable.

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Diagram No. 3.1

## Internal Factors Adversely Impacting on Cooperative Societies

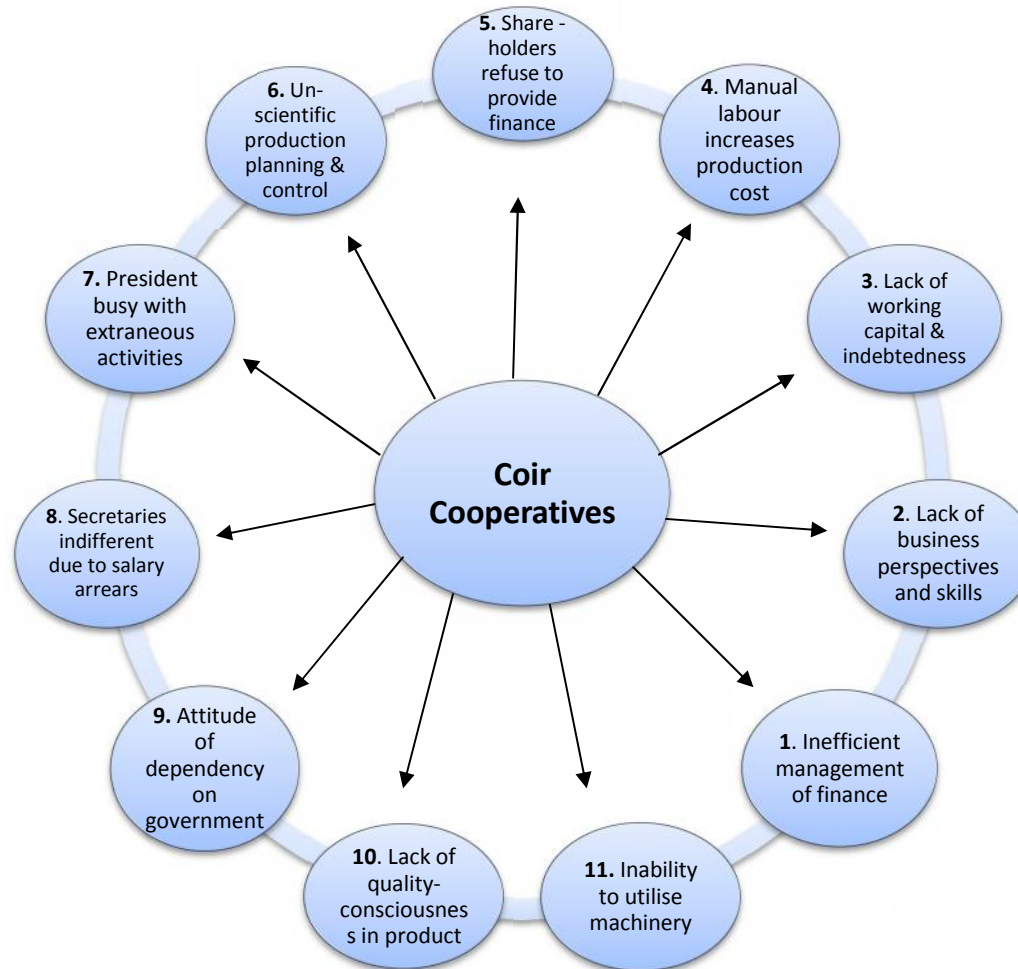
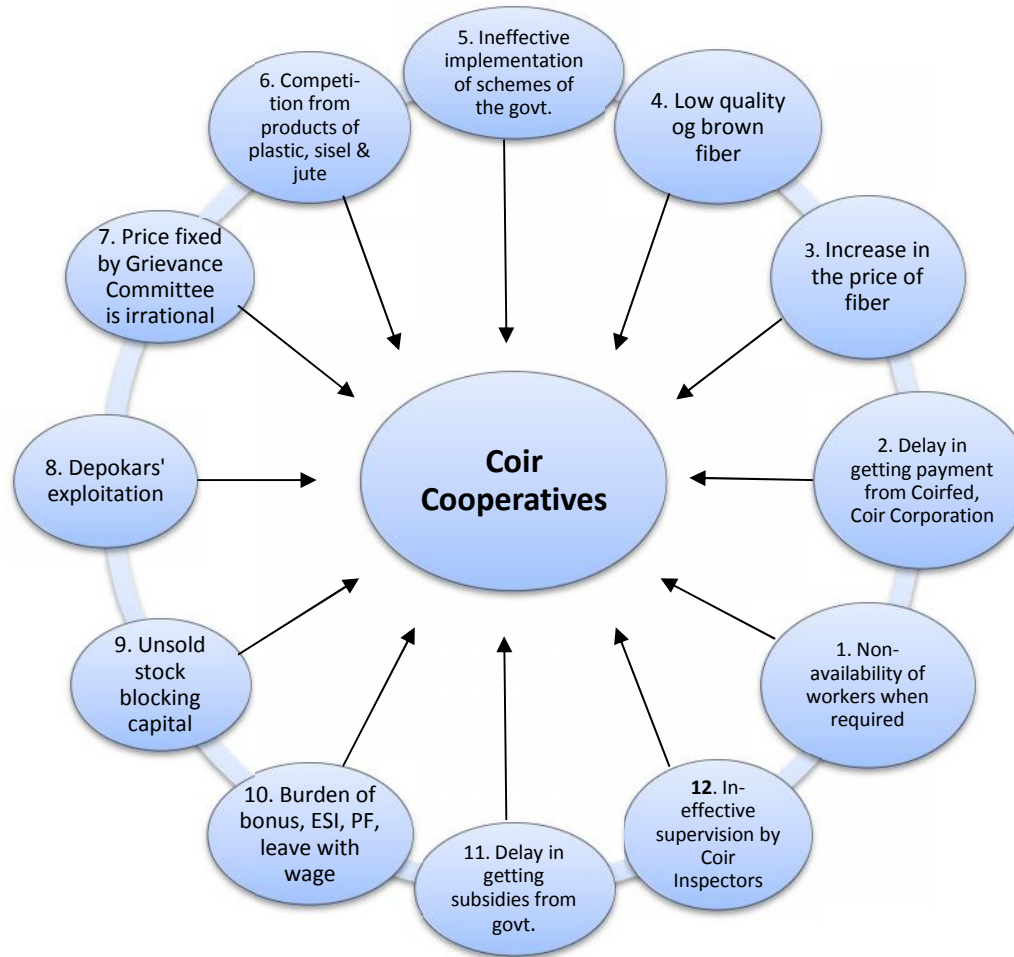


Diagram No. 3.2

### External Factors Adversely Impacting on Cooperative Societies



## Chapter IV

### Small-scale and Household units

#### A. Small-scale units

##### 4.1 The genesis

The small-scale unit is the other category producing coir products. They are generally owned by individuals. However, some of them have been brought under the cooperative fold. According to Sri. M.P. Pavithran (President, Kerala State Small-Scale Coir Manufacturers' Federation, Alappuzha), there are about 10,000 units in Kerala at present.

After 1947, when India became Independent, the large coir units concentrated in Alappuzha region were closed one by one by the foreign company proprietors and left the coir field. Some of these units were purchased by local business men but they could not revive the industry. The workers who were thrown out of employment, mobilized capital and purchased the looms of the closed units. With them, they established production units with 5 – 7 looms in work sheds erected in their house premises.

Soon after this development, the local proprietors of the coir factories, having experienced failure in reviving the big units, changed their strategy. They converted themselves into exporters, procured orders from foreign and domestic markets, placed orders to the recently set up small-units, got the products manufactured according to their specifications and took to marketing. This they continue even today.

In this process, there was a serious lacuna. The prices of the products were determined by these big traders, not taking into consideration the actual cost of production plus a reasonable profit margin/net income for the units. Gradually, these units started incurring debts. This situation motivated the proprietors of these small units to organize themselves into a strong association and collectively bargained for fair price for their products. The powerful traders did not relent. T.V. Thomas, the then Minister for Industries, sensing the seriousness of the situation, intervened and through a Government Order, made

arrangements to determine fair price for the products of small units and the traders were compelled to accept it. The Coir Board was entrusted with the task of periodically determining the sales-price of the products of the small-scale units and also the minimum export price. Somehow or other, these arrangements did not work effectively. Again, the association of small scale producers (The Kerala State Small Scale Coir Manufacturers' Federation) initiated a strong struggle to get redressal of their grievance. As a result of this, the Coir Board was empowered to introduce the Purchase Price (Enforcement) Scheme (PPES). That ensured fair price for the products of the small units and minimum wages for the workers. Obviously, peace prevailed in the sector.

However, the Government of India cancelled the minimum export price scheme (MEP) in 2002 and as a result, the Purchase Price (Enforcement) Scheme also got cancelled. That disturbed the peace and tranquility in the coir industry.

Meanwhile, with the support of some exporters, a set of middlemen traders (popularly known as "depokar") emerged who received orders from the former and transferred them to the units for a price less than that fixed by the Price Fixation Committee of the Coir Board. This underhand dealings started thriving.

Realizing the crisis, the State Government entrusted the task of implementing the PPES Scheme to the Coir Corporation. Also, brought the small-scale units under the cooperative scheme. As per PPES, the orders obtained by exporters from foreign markets should be passed on to the Coir Corporation which in turn, pass them to the small units. The finished products will be handed over to Coir Corporation which will pass them to the exporters. As an incentive, the exporters will get a subsidy of 7.5% of the product price. Still, the system does not function satisfactorily.

There are frequent fluctuations in the price of the products in the market. In order to take this into consideration in fixing or altering the existing price, a Grievance Committee is also functioning. The persistent problem is that the price of raw materials is never stable. Most of the time, it goes on increasing, thereby eroding the profit margin expected by the units, since the price fixed by the Grievance Committee could be changed only at the next meeting. The net result is frequent loss of income for the units. The question is what could be done to help them?

## 4.2 A few cases

The team visited a unit managed by Sri. V.M. Hariharan at Arattukuzhi in Alappuzha. It is a coir weaving unit with ten workers. The Coir Board has provided a grant under its Coir Cluster Scheme for putting up a convenient work shed. There are eight looms for which government have given financial help (Rs. 2 lakh out of which 75% is subsidy). The minimum target of production for a worker is a mat of 10 sq.ft. per shift. In practice, a few of them produce more.

The average rate of wage is Rs. 360 for 10 sq.ft. The average earnings of these workers range between Rs. 1500 – 2000 per week. Leave with wages for 13 holidays is paid at the rate of 10.5% of wages earned. The wages and annual bonus agreed at the Coir IRC are paid to the workers.

On an average, they work between 8.30 am – 5.30 pm. But the working hours, in practice, is very flexible. Most of them work for 18 – 20 days per month.

The unit gets work orders from exporters and produces items as per their specifications. The prices are fixed by a committee constituted by the government under the Purchase Price Stabilisation Scheme (PPSS). This is to protect the small units against exploitation by the unscrupulous ones among the exporters. In fact, a few of them enter into underhand dealings with small units and fix a price less than that stipulated by PPSS. Losses in deals will be compensated by financial help from PPSS and the Marketing Development Assistance Scheme (MDAS). But, there is undue delay in disbursing the financial assistance. Presently, the units have to get arrears (about Rs. 15 lakh) for the past 3 years.

Since the wages stagnate around Rs. 350 per day, workers are not keen on continuing in the unit. Daily wage for a construction worker outside is about Rs. 700 – 800. Obviously, that is more attractive.

Due to scarcity and high cost of raw materials, power shortage, financial crunch, low product cost and unwarranted or unreasonable rejection of the products by the exporters, it is difficult to survive.



Table No. 4.1

Proforma				
Product Sector: Mats & Mattings & Small-scale Producer Cooperatives				
Year	No. of Working Societies	No. of Workers	Quantity/Value of Production (lakh)	Wages paid (lakh)
2010-11	64	3770	3333.68	346.77
2011-12	56	6031	3784.41	412.8
2012-13	72	6554	4545.23	455.27
2013-14	90	7147	8327.59	592.16
2014-15	68	6933	10019.59	765.41

Source: Coir Development Directorate, 2015

### 4.3 Current situation

1. According to Sri. Pavithran (President, Kerala State Small-scale Coir Manufacturers' Federation), the current status of the small-scale sector in Kerala is not at all satisfactory. Partial mechanization of the handloom units has resulted in loss of jobs for about 10,000 workers. About 90% of the workers are in the small units and about 32,000 are engaged in related activities. Exporters employ a good number of them in finishing work. Their wages are low and often denied of DA, bonus, holiday wages, leave wages and gratuity.
2. Another factor is that the exporters, in general, prefer and promote machine-made products and so, give orders to such units - not to handloom units. The same attitude reflects at exhibitions and publicity especially, at international fairs.
3. Financially, a good number of units are weak and do not have even adequate working capital. Payments due to them are often delayed by the Government and Coirfed. While cooperative units get regular subsidies, private units are denied of it.

## B. House hold units

The household units are engaged mostly in spinning, weaving and fiber extraction work; of which spinning accounts for 75% of household employment. Interestingly, three-fourths of all coir workers are women. The characteristics of the household unit is that it is traditional, labour intensive and of a self-employed production structure. It has become the main source of non-agricultural employment in the region in the nineteenth and twentieth centuries. (Isaac et al., 1992). The exact number of these micro units in Kerala is not available.

### Household unit

The study team visited the Paravila Fishermen Colony in Vizhinjam and initiated a discussion with one Sri. Sidhardhan who is 60 years old and fully engaged in coir production in the traditional style as a household unit.

He procures fresh husks from local suppliers and rets them in a nearby lagoon. After a year, he salvages them and get them fibered at a local mill. After thrashing with long sticks, the fiber is dried and used for spinning.

He has only one manually operated ratt and it is used by three women – two of them his neighbours. The coir produced is regularly collected by a local trader. Formerly, the local cooperative society procured them.

Continuous work for about 7 – 8 hours will bring in a net income of Rs. 150 -200 per day per head.

There are several such household units in Paravila village. Men who are healthy go for fishing. Women work with the ratt for 4 – 5 hours per day in addition to household work.

This is a typical, traditional household unit in the sense that it is mostly manual work, leisure time activity; they don't write any accounts of incomes and expenditures, no calculation of profit and loss, less understanding of the coir market conditions and the exploitative role of middle men traders. No one to educate them, provide information about the changing coir market situations, train them in calculating profit and loss and the basic principles and strategies of self-employment or entrepreneurship.

It is obvious that:

- their earnings are very low
- being women, could work only 4 – 5 hours a day after the domestic chores
- they lack capital to mechanise the ratt with an electric motor which can increase production and productivity
- they do not get any financial support as grant or subsidy from the State Government for doing business

Kavya Coir Works,  
Chudukad, Mudippura, Near Pachallur

Sri. Madhu started it as a unit in 2014. Get the raw material - fiber from suppliers in Kanyakumari District. The price of fiber there, is less than Rs. 2000 of the price to be paid here in Trivandrum for the same quantity. Since he has a motorized spinning ratt, two workers can manage production. Muppiri coir – the finished product is regularly procured by traders. Hence, there is no difficulty in marketing and this enables them to have enough work throughout the year. On an average, they work for 7 hours a day and get paid Rs. 250 each. In fact, the two workers who handle the ratt are the husband and the wife. There is a work-shed attached to their house.

Just like any other household unit, the couple also does not maintain any accounts of incomes and expenditures. They are happy that together they get Rs. 500 per day regularly.

Electricity Board charges them subsidized rate only – Rs. 450 for a period of two months. The work-shed has a separate meter.

He intends to buy one more ratt fitted with motor. It costs about Rs. 2 lakh inclusive of all sundry expenses. He is seeking loan from some source, preferably from a government agency.

Spinning coir has been a traditional work and a source of income for his family. Sri. Madhu was working for some years in the Gulf and with his earnings, he was able to buy a plot and construct a small house. Being unemployed, he took up the traditional occupation of his parents. He has a little bit of business perspective and drive. No wonder, he intends to buy one more ratt and enlarge the unit. Procuring fiber from Kanyakumari District enlarges his profit. Since he doesn't keep accounts, the correct figures regarding his monthly sales returns and profit margins cannot be worked out. In other words, there is need for a change from the present informal functioning of the unit to a formal and more scientific style of management. This transformation is a must for making the unit sustainable, more profit-yielding and growth-oriented.

The Directorate of Coir Development in the State does not have any statistics regarding the number of household units in Kerala – their daily earnings, quantum of production and its sale-value, their needs and problems. Obviously, the government does not provide any support to these units. They are left to fend for themselves and in one sense, they are a role model for CVCS and the small-scale units. The household units also employ job-seekers in the neighbourhood. On an average, the couple get an income of Rs. 500 per day plus the profit gained out of sales.

They display good entrepreneurship perspectives, skills and self-discipline which are traits necessary for profitable business. None of them complaints about difficulties in managing the unit.

The household units need credit facilities for enlarging them with motorized/electronic ratts so that they could increase their productivity, quantity of production and net income. Self-employment endeavours need a well-designed support system – not freebies. It would be good, if the Directorate of Coir Development in collaboration with the Dept. of Statistics initiates a census of household units in Kerala and acquire dependable facts and figures so that appropriate support system could be developed.

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## Chapter V

### Observations and Recommendations

#### 5.1 Introduction

On the basis of the facts and figures collected, the study team could understand the basic needs and problems of the coir industry in Kerala, consisting of different layers. The following observations and recommendations are evolved for the consideration of the State Government. The appropriateness and the administrative feasibility of these recommendations were discussed with FICEA representatives, senior leaders of coir workers' unions and officials of the various supporting agencies.

#### 5.2 Exporters as the driving force

The main driving force of the coir industry in Kerala is the exporters and the managements of the large companies (Federation of Indian Coir Exporters' Association) in the private sector who successfully explore opportunities in foreign markets. They have the vision, perspectives and the business net work on a global-scale which is very vibrant. In fact, the organized sector is the backbone of the coir industry in the State.

Besides, thanks to the strong efforts of the Coir Corporation, Foam Mattings and Coirfed, export of coir products to world markets has increased to Rs. 5 crore according to the Hon'ble. Minister Sri. Adoor Prakash. During 2010 - 11, the export sales value was Rs. 9,02,000. In 2014-15, it increased to 4,95,00,000. This is bound to increase due to the Coir Kerala International Exhibition recently held in February (2016) in Alappuzha during. More than 170 business representatives from 55 countries participated.

#### 5.3 Large units

According to the managements/proprietors of the large units especially in Alappuzha and its suburban areas, they experience certain functional constraints, unwittingly imposed by their workers/unions. Some of these are discussed in chapter II. In spite of several requests by the managements to the State government – especially the Minister in charge of Labour and Industrial Relations of successive governments to look into the matter, no serious action has been taken so far.

The managements want to regain the right and the freedom to mechanise and modernize their factories in order to optimize production and productivity through appropriate technology. They aver that the export market has its own norms, trends and time-lines. Without the spontaneous cooperation of the workers and the unions, the requirements of marketing and the requirements of the business in general, cannot be achieved optimally. The State Government is requested to intervene in the matter and bring about stable reconciliation in the matter of norms of work in respect of mechanization, modernization, labour productivity etc. Perhaps, the Industrial Relations Committee (IRC) for coir may take the initiative in the matter.

The current installed capacity of each factory has to be assessed and the percentage of utilization at present could be easily worked out by a small team consisting of representatives of senior union leaders, workers, FICEA, Dept. of Labour and subject experts. The team could also assess the current productivity status of labour and the overall cost of production per unit of each product.

Wages and perks have to be linked to their performance in terms of standard outputs. It is desirable that negotiation for wage settlements based on unscientific collective bargaining once in 3 – 5 years as a practice has to give way to scientific facts and figures, business economics and the paying capacity of the unit. Long-term agreement signed by a unit could be recognized by IRC. Integration of the interests of management and labour through direct negotiations sans threat of strikes and lockouts could be the guiding principle in industrial relations.

The issue assumes greater significance because frustrated managements are slowly shifting their business to Tamil Nadu where the industrial climate, according to them, is hassle-free.

#### 5.4 Coir cooperatives

##### 5.4.1 Husk procurement

As indicated earlier, persistent failure in collecting raw husk from households and copra traders and passing it on to the (420) live primary societies for retting, defibering and spinning yarn. However, there is only one husk procurement society which is running on loss at present. The gravity of the situation is obvious. The failure in this activity is one of the reasons for the crisis in the sector.

## 5.4.2 Retting

Retting of husks in ponds, canals and lakes strongly pollutes these water bodies and their environment. Hence, this practice has to be slowly given up in spite of the fact that the quality of the fiber will be better and its length will be sufficient for spinning and weaving. This is to protect the health of several hundreds of women who take up beating and willowing of the retted husk as an occupation. These women should be encouraged to take up spinning, using motorized ratts. Quality of fiber directly from green husk could be increased through appropriate machines. Coir industry has to be taken forward in an eco-friendly manner.

### 5.4.2.1 Technological inventions in retting

The Central Coir Research Institute (Alappuzha) of the Coir Board has developed a bacterial consortium known as 'Coirret'. The use of Coirret can reduce the retting period to 78 hours. Coir Board has not been able to extend this technology to the different layers of the industry effectively due primarily to the poor infrastructure of the units and other obstacles. Transferring such technology is of great importance for the development of the industry and to reduce the cost of production to compete with Global markets.

## 5.4.3 Defibering

Presently, this has lead to change in the extraction process but the lacuna is that the staple length is shorter, leading to more shedding and poor quality of the product. There is a need to develop a better process of fiber extraction that will give better fiber quality and length for the spinning and product sector. The attention of R&D institutions is invited.

### 5.4.3.1 Activating fiber extraction units

There are about 68 defibering units (DF Mill Societies) at present (2015) in the cooperative sector. Out of this, only 22 are working (The number of profit making unit is only 6). In the private sector also, there are dysfunctional units. All these need to be revived and activated along with the proposed concerted efforts of the Coir Directorate to collect husks and make the fiber available to the manufacturing units. Ensure that the capacity utilization of the DF units is increased to at least 80%. If required, more defibering units (decorticated machines) should be set up so that more indigenous fiber could be made available. It is understood that the Coir Directorate has already taken steps to distribute, free of cost 100 and odd DF machines to CVCS.

#### 5.4.4 Middlemen traders

One of the objectives of cooperativisation is to eliminate middlemen from the coir sector since they were/are very exploitative and deny the actual workers what they deserve as enhanced wages and as shareholders of the unit. Most of the CVCS do not have sufficient money on hand to purchase fiber directly at lesser price from markets in Tamil Nadu. Hence, they have to depend upon the private traders who charge higher price for fiber which they procure in bulk from Tamil Nadu at lower price. Their strategy is to supply fiber to the cash-starved CVCS on credit at a price they dictate and collect the loan when Coirfed delivers the money due to CVCS. The traders do the same to the household units also.

The alternative is to revive the existing de-fibering (DF) units or set up new ones at strategic points or operate mobile DF units. One of the tasks of these centers is to collect green husks regularly from the households in the neighbourhood with the help of members of the local kudumbashree units and other SHGs and also from local copra traders. The Coir Development Department has already initiated steps in this manner.

#### 5.4.5 Fair price

One of the reasons for the poor performance of the cooperative societies is the unrealistic fixation of price for their products by Coirfed. The present norms for fixing the price periodically should be critically examined. The profit margin of the units has to be enlarged so that they will be able to increase the wages a little and implement social security measures such as provident fund, ESI and gratuity. In other words, in one sense, the sustainability and the prosperity of the cooperative units largely depends upon the price offered by Coirfed. Steps have to be taken to calibrate the functioning of Coirfed and the Coir Board and enable them to increase the selling price of the products. Government should provide adequate financial support. (AACC, 2008)

The coir society has to sell its products to Coirfed. They are not allowed to market their products through private parties. During the survey, it was observed that some of the societies market yarn to Mats and Mattings, owned by private parties or to local people for agricultural purposes. Some CVCS manufacture thick yarn, known as 'vadam' to meet local demands. Ready cash, less technical formalities, higher price etc are the reasons that encourage the CVCS to follow this practice. This need not be discouraged.



#### 5.4.6 Quality-consciousness

During field work for data collection, several presidents/workers of cooperative units complained that some of the Coirfed officials are prejudiced in their outlook and attitude and reject their products in the name of substandard quality. This has compelled several household and cooperative units to prefer private traders. Workers, presidents and secretaries of these production units should be properly oriented on the importance of the quality of the products and the prescribed quality standards for each product so that they become marketable. Coirfed officials could take up the responsibility for training. Quality ensures sustainability of the unit.

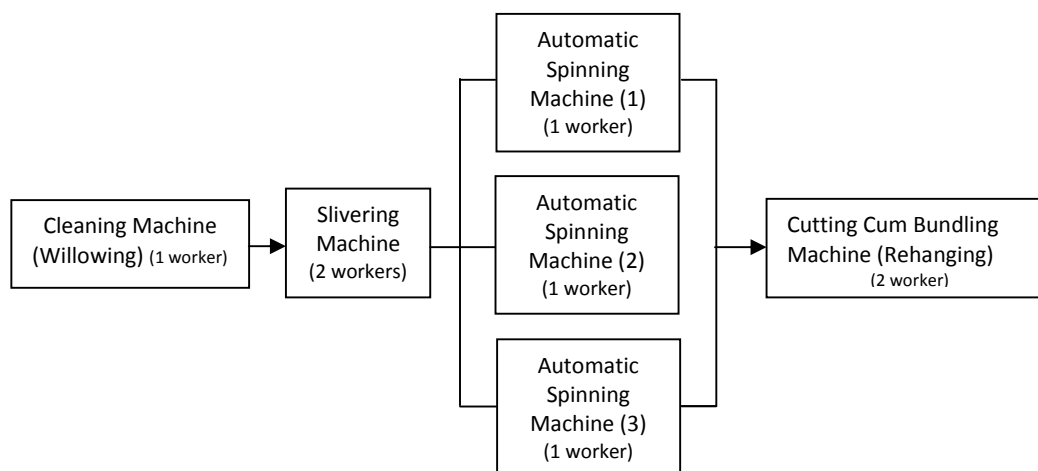
#### 5.4.7 Mechanisation

From a business point of view, mechanization of the production process is a must in a competitive world market. Workers and their unions are fully aware of this and hence, they welcome it. The State and the Central Governments have already taken several steps to promote appropriate technology through various schemes. But, due to improper implementation, the targeted degree of mechanization has not taken place, unlike the situation in Tamil Nadu. Here in Kerala also the large industrial units in Alappuzha and Cherthala are reasonably mechanized and function efficiently with high quality products marketable in foreign countries.

The problem persists mainly in the cooperative sector, small units owned by individuals and in the household units. Mere distribution of soft loans/subsidies/machines is not going to solve the problem. Distribution is not implementation.

Anathalavattom Anandan Coir Commission had put forward several suggestions which are very relevant. One is to set up Automatic Spinning Units consisting of three spinning machines as given in the chart below:

Diagram No. 5.1  
Automatic Spinning Unit



Eight workers can operate the unit very efficiently and can produce coir up to 120-180 runnage. During an eight-hour shift, one machine can spin up to 50–60 kg coir which means per shift the total output of coir will be between 150–180 kg. (The cost of a unit with three machines is approximately 3.5 lakhs in 2008) According to AACC, such mechanized units in large numbers are necessary in Kerala in order to compete with the mechanized coir units in Tamil Nadu. (For details of the recommendation, see AACC report pages 89 – 92)

An adhoc committee consisting of experts from the three Coir Research Institutes in South India should study the type of mechanization needed by the coir units functioning in different layers – large organized units, mats and mattings, cooperatives and household units. List of several new products such as geo-textiles, coir ply etc is being presented, explained and recommended at seminars and coir fairs. These products need appropriate machinery and the infrastructure. The Committee could develop guidelines for further mechanization in the coir sector, layer-wise.

#### 5.4.7.1 Revamping the work culture

The success of any manufacturing industry primarily depends upon the productivity of the inputs. The cost of production per unit has to be as low as possible and obviously, there should be an increase in the quantity produced and its quality. Manual labour with, out of date tools/machines cannot achieve this, however sincere the worker is. Mechanisation of the production process and modernization of the management process should go hand in hand.

One of the chronic lacunae of de-fibering units and the hand-spinning units is their low production, output and productivity. The State Government has been generous in providing capital for purchasing machines and other accessories but, several coir cooperatives are found to be incompetent in making the optimum use of them. Due to poor maintenance and lack of operational skills, the machines have become a liability to several units and a few of them have dumped them in a corner of the work-shed. The Coir Inspectors ought to have ensured the right operation and care of the machines and optimize the output and productivity. This is not happening. Wonder, whether the present team of Inspectors have the right understanding of mechanization – its purpose and the attitudinal changes required by the manually-oriented workers (a good number of them are women) to operate the machines effectively. In other words, work culture and work ethics have to be geared to suit mechanization and modernization. The inspectors should serve as the king pin of the expected changes.

#### 5.4.8 Different criteria for subsidy

Governmental subsidy and other assistance to CVCS are to be linked with volume of production and days of employment generated and not on the basis of sales to Coirfed. (V.S. Jose, 2002) The study team agrees with this stipulation.

#### 5.4.9 Negative strategy

Interestingly, the increase in net loss of CVCS is due to the increase in the cost of raw materials and in the operational cost. In the present scenario, with all the administrative, financial and marketing support, CVCS finds it difficult to successfully carry out its day to day operations. Hence, the (negative) strategy of some societies is to cut short the number of working days, so that the net loss could be minimized. A positive correlation is observed between the number of working days and the quantum of loss. The loss increases with the increase in the number of working days and obviously, decreases with the decrease in the days of work. Hence, the quantum of loss could be reduced through deliberate efforts on the part of the societies by reducing the number of working days. For instance, the percentage of net loss to sales of Adinadu North CVCS No. 488 of Karunagapally circle for the year 2014-15, was 18.33 per cent. The number of days this society functioned was 29 and the aggregate loss amounted to Rs. 20,273. The per day operating loss of this society was Rs. 700/- It denotes that this society can reduce the operating loss by Rs. 700 per day by making this unit non-functioning.

#### 5.4.10 Electricity charges

In Kerala, electricity to small-scale industry units is under a Minimum Guarantee Scheme. As per the scheme, the unit has to pay a minimum fixed charge for a period of seven years. In case, the unit becomes dysfunctional after a year or two, still the fixed charge has to be paid, up to the remaining period of the seven-year contract. It is obvious that this is a big financial burden for the unit since there is no income generation. It is recommended that the Electricity Board should exempt such units from the stipulated payment.

#### 5.4.11 The burden of loan

Several failed or failing units have incurred huge debts payable to cooperative banks, National Cooperative Development Corporation (NCDC) and other sources. Obviously, due to persistent demands from these units, the State Government converted the debts into shares in 2008 and relieved the debt-burden of these units. Seven years have passed since then and the financial position of the units is no better. Several units have debt accumulation to the tune of 20 – 30 lakhs, even up to 90 lakhs and they look up to the government to get them written off once again. The government has to examine the issue seriously with discretion and take an appropriate decision whether these units are to be liquidated forthwith (This is what the study team recommends) or shoulder the huge financial burden of reviving them, once more.

#### 5.4.12 Weeding failed units

The overall scenario of the cooperative coir sector is disappointing. A good number of units is on the liquidation list for several years; several others are struggling to exist mainly to avail themselves of the financial benefits offered by the State Government and of course, there is a small number of profitable and stable units. Quick weeding out of the failed units and the rapidly failing units is necessary. A panel of experts should examine the surviving ones and suggest appropriate measures for reviving them as recommended by Anathalavattom Anandan Coir Commission (2008). Meanwhile, no more registration of new cooperative societies.

#### 5.4.13 Shareholders

A good number of units has 400 up to 800 and odd shareholders but the actual number of workers is found to be only 20 or less in most of the units. At times of financial crises, the shareholders are found to be unwilling to invest money in the units. In fact, they are a burden to the unit since they outnumber the live workers while taking important decisions. Hence, it is desirable to reduce the number of shareholders to 25 plus and only those who are willing to work when work is available and contribute to the business.

#### 5.4.14 Change of guard

Presidents, secretaries and members of the elected management committee of cooperatives who had mismanaged the unit into incurring huge losses and debts should be strictly prevented from assuming office hereafter since they had proved their inefficiency in managing the unit and its business.

#### 5.4.15 Secretary of the society

The secretary, being a B.Com graduate, is expected to have basic knowledge about the nature of (coir) business – its objectives, methods and principles of management from a business point of view. In fact, he is conceived as one of the two key executives of the enterprise and as such should be made accountable. He should be given job-related training by experts and his performance should be observed and assessed by the president and the Coir Inspector.

The pay structure of the Secretary needs consideration. The practice is to fix it as Rs. 3000 per month. Monetary incentives for better performance must be introduced. There are very capable secretaries drawing more than Rs. 10,000 per month due to efficiency in managing the units.

#### 5.4.16 Common Facility Centres (CFC)

Such centers enable the local units to avail themselves of modern technical facilities for willowing, defibering, spinning, bleaching and dyeing, weaving, packaging etc. at low cost. The centre could provide technical training to the workers in handling such machines effectively. They can easily acquire the skills and develop a liking for machines. This will also promote quality-consciousness and standard quality outputs.

The facility centres should be established on the basis of logistical understanding of the location of the units as a cluster so that their utility could be optimized. With the help of experts from the Central Coir Research Institute (Alappuzha), the Central Institute of Coir Technology (Bangalore) and the Coir Board, a model CFC project appropriate for the small and household units may be prepared for the consideration of GoK and GoI.

#### 5.4.17 Ensuring the principles of cooperation

The president and the members of the managing committee who wield all the authority of the society should be adept in two functions: one is to efficiently manage the business and generate surplus income consistently and provide at least 200 – 250 days of work in a year with reasonable wages and perks. The other is the effective management of the society according to its declared objectives (in the byelaws), principles and practices of the concept of cooperation. For this, the active shareholders/worker members should be given training in the theoretical base of cooperative societies. The president should ensure that his society is strictly guided by the norms of cooperation.

This suggestion is mooted because it is found that many of the societies are cooperatives only in name and not in structure and style of functioning. Even the structure is changing by the frequent increase in the percentage of shares owned by the government by converting under pressure, the increasing debts of the societies into shares – a strategy adopted by the government to salvage sick industrial units.

#### 5.4.18 List of deficiencies

Coirfed Chief Administrator Shri. K M Raju who delivered a talk on the subject at the national seminar on “Possibilities for Coir Co-operative Sector” at Coir Kerala 2014 in Alappuzha said that “low wages, shortage of experts, slow decision-making and lack of accountability are problems faced by coir cooperative societies that need immediate addressing. He said when compared to the private sector, coir cooperatives offer paltry salaries that are not enough to attract experts who can advise on good marketing strategies and interventions. The study team fully endorses the deficiencies listed here.

#### 5.5 Mats and mattings units

These are small-scale units owned by private individuals engaged in spinning and weaving (Mats and Mattings) are kept out of the State Directorate of Coir Development. The result is they don't get adequate support from the State Government, out of the funds earmarked for the protection and development of the industry. These units should also be brought within the schemes of the Directorate in addition to what Coir Board offers.

The small units need the special attention of the Committee under the Purchase Price (Enforcement) Scheme (PPES) and the Grievance Committee. The criteria for fixing the purchase price needs to be revamped in consultation with the representatives of the unions, exporters, Coir Commission, Coirfed, Coir Development Department. All the statutory payments related to minimum wage, DA, PF, ESI, bonus, leave with wages, gratuity etc should be taken into consideration while fixing the purchase price. The apprehension of the unions is that the large-scale exporters can manipulate the price through their agents located in foreign countries. The Grievance Committee generally determines the wages of the workers based on the export price. By understating the price, the exporters can influence the Grievance Committee to fix the wages at a reduced rate.

These units need mechanization and modernization for which the Central Government through Coir Board have come out with a scheme under the XII<sup>th</sup> Five Year Plan "for rejuvenation, modernization and technology up-gradation of coir industry" (Coir Udyami Yojana). Proprietors of the units should avidly seize the offer.

The products of this sub-sector – mats and mattings, need more publicity through the media and other means so that demand for them in the market could be increased. Exporters, Coir Development Department, Coirfed and the Coir Commission should take responsibility for this sales campaign.

The recent policy decision on the part of the Central Government to close Coir Board's showrooms and outlets used to market mats and mattings as seriously affected their sales. It is learnt that the reason for the closure is that there was some sort of manipulation and mismanagement on the part of some of the officials. Alternate strategies for marketing the products have to be put in place without any delay.

Furthermore, the mats and mattings societies face production difficulties due to shortage of raw material. They require Vaikom special and Alappadan special varieties of coir with specified runnage as raw material. Neither Coirfed nor primary coir societies manufacture and supply these varieties. Hence, the unions have suggested that the State Government should set up a raw material bank to ensure timely supply.

Another difficulty experienced is the delay on the part of Coir Corporation to make timely payment. At present, it takes 30 days. This time lag is somewhat manageable to the societies. But, the real problem is of unsold stock. Coir Corporation, at present, is not in a position to procure more products or make payments for the products already purchase due to lack of fund. Hence, many of the Mats and Mattings are over-burdened with unsold stock resulting in delayed payment of wages to workers. The Small-scale Manufacturers' Association demands that this situation can be resolved by advancing sufficient funds by the Government to Coir Corporation.

#### 5.5.1 The "Depokar"

This has become a perennial issue. The price of the product is largely determined by the exporters and the big companies. They control the export market and the tendency noticed is to bring down the purchase price as low as possible so that their profit maximizes. Since the intervention of the State Government in determining the price through PPSS/PPES, a host of intermediaries (a few of them are only agents) have entered the scene and break the direct link and business between the exporters and the small-scale producers numbering about 10,000. The "Depokars" are the brokers and do their best to pull down the prescribed price. The suggestion is to eliminate these intermediaries and ensure fair price for the small producers. Government has to compel the Exporters' Association to have direct dealings with the small producers and ensure the price determined from time to time.

#### 5.6 Household units

They need credit facilities for enlarging their units with motorized/electronic ratts and other suitable gadgets so that they could increase their productivity, quantity of quantity of output and net income. Self-employment endeavours need a well-designed support system – not freebies. It would be good, if the Directorate of Coir Development, in collaboration with the Dept. of Statistics, initiates a census of household units in Kerala and acquire dependable facts and figures so that appropriate support system could be developed.

These units are expected to register themselves with the Coir Board so that it can offer support through various schemes. But, unfortunately, most of the units in the State have not yet registered.



Since most of the units do not keep accounts, the correct figures regarding monthly sales returns and profit margins cannot be worked out. In other words, there is need for a change from the present informal functioning of the unit to a formal and more professional style of management. This transformation is a must for making the unit sustainable, competitive and growth-oriented. They are perennial victims of middlemen traders who charge more for the fiber and pay less for the coir. The cooperatives nearby are unable to help them by purchasing the coir due to shortage of working capital.

It will be good, if a member of such household units is given training in the basics of modern business management mainly financial management, accounting and auditing, production planning and control, quality management, marketing strategies and leadership skills appropriate to micro-units.

According to an owner of a household unit, the cluster approach will strengthen the individual units. Develop a group of ten or fifteen household units in a locality with strong leadership so that bulk buying of raw materials, bulk sales through bargaining and adhere to the economics of a typical cluster. At the same time, the individuality of the units could be retained.

Most of the production work is being done by women. Since they are members of Kudumbashree and/or SHGs sponsored by voluntary agencies, they could easily raise the capital required for developing the business of their family unit. If finance is properly managed with discipline, there will be enough savings for mechanizing the unit and increasing its output.

## 5.7 Project administration

It is found that the State Government through the Directorate of Coir Development has introduced a good number of schemes for strengthening the cooperative units and others for the past several decades. (See Appendix) The Government has liberally funded the projects. But, due to various reasons, the expected results and benefits have not been achieved so far. Out of 849 and odd registered coir cooperative societies, about 313 units have become totally dysfunctional. Among the rest, several of them are struggling to exist. Only a few continue to be financially stable and work without any hassles, providing regular employment to their workers. In other words, some successful units co-exist side by side with a large number of failed and failing units. Our effort was to find out the positive factors which contribute to the success of some units and the negative factors responsible for the failure of several other units which are responsible for the image of sickness in the sector.

It is obvious that the project administration needs to be calibrated. Presently, the monitoring and review practices are ineffective. The basic approach in respect of business units has to be more preventive than remedial. There are units which have incurred cumulative losses up to 50-90 lakhs within a period of two or three decades. Officials in charge of executing the project at the grassroots level need to be a little more demanding and assertive during supervision. Auditing of accounts needs a little more verification with the functional realities of the unit. What is presently required is a thorough revamping of the present monitoring and review process of the performance of the project and their constituent units. Feedback of the findings of the reviews should be regularly communicated to the officers concerned and to the societies and strongly insist on initiating immediate remedial measures and report their impact.

Parameters of business management appropriate to assess the performance of coir cooperatives have to be worked out and strictly followed so that protective measures could be initiated in time, in respect of struggling units. The study team feels that the Coir Inspectors ought to have been a little more alert and focused on the performance of each unit, recognize the early signs of sickness and diagnose the causative factors and compel the President and the Secretary of the unit to initiate corrective measures then and there. Likewise, the annual audit report of accounts should contain critical comments about the financial management of the unit and give timely warning. The President and the Secretary should not hesitate to consult experts in coir business to overcome the crises. Ultimately, the success of the coir sector to a large extent depends upon the drive and missionary zeal of the officials of the Dept. of Coir Development.

## 5.8 Competition from neighbouring states

This is true. Tamil Nadu is the main competitor. Plantation type of coconut cultivation enables the collection of green husks very easy, unlike the situation in Kerala. Salem, Erode, Pollachi and Kanyakumari districts are noted for high profile cultivation of coconut trees of high-yielding varieties. Abundant supply of water is available and hence, production of nuts is very high.

Another advantage of Tamil Nadu (TN) and other states such as Karnataka and Andhra Pradesh is the fast pace of mechanization at every stage of the production process without any hassles. This has increased the quantum of output and reduced the cost of production. Coir fiber could be sold at a price less than that produced through retting and beating. In fact, 70 – 75% of the fiber required by Kerala is brought from TN. Likewise, in spinning also, TN has achieved tremendous success. Automatic spinning units are abundant in Salem, Pollachi, Siva ganga, Tanjavur, Kanyakumari, Puthukottai, Velloor, Kadaloor, Erode, Kambam, Theni and Thenkasi (AACC, 2008)

Added to this, there is the advantage (from a business point of view) of comparatively low wages prevalent in TN and the absence of frequent strikes and hartals. Thanks to the strong support given by the Govt. of TN, the Cluster Production Scheme functions successfully in many coir production areas. The message is clear: Kerala has to initiate appropriate steps, with a sense of urgency, to encounter this competition.

## 5.9 Pith

Experts say that it can be used as organic manure, if it is bio-degraded through well-established process, already available. Pith produced in dry form from the mechanized de-fibering operation has the potential to be used as fuel briquette (KITCO). TN has already taken the lead in this activity.

## 5.10 Union as the catalyst

It is well-known that the coir industry in Kerala is under the strong grip of powerful trade unions and their leadership. It is obvious that the coir sector is not performing satisfactorily. Even the large coir factories complain of restrictive practices unwittingly indulged in by a section of workers which prevent the units from attaining optimum utilization of the installed capacity of the machines. Since the union leadership has control over the primary personnel in the coir industry, it is felt that the leadership should take the initiative to play the role of a strong catalyst in putting the industry on the right track in collaboration with the efforts of the State and the Central Governments. Merely, pumping in more money and other benefits through various schemes into the sector will not succeed.

### 5.11 Strategic alliance for marketing

The coir manufacturing and exporting countries should come together and form strategic alliances to meet global challenges and for creating awareness of the biodegradability, eco-friendliness etc. of coir products among the purchasing nations. To promote this, periodic consultative meetings of these countries could be organized just like the Organisation of the Petroleum Exporting Countries (OPEC). Kerala could take the initial steps with the collaboration of the Central Government. In fact, the recently concluded Coir Kerala fair 2016 at Alappuzha is a step in this direction. From being a fair, to becoming a powerful international organization of coir producing countries for mutual benefit is the next step.

### 5.12 Patent rights and brand name

It is understood that steps are being taken by the National Coir Research and Management Institute (NCRMI) to secure patent rights for the coir products and give them a trade mark namely, "Kerala Coir". Also, arrangements are being made for setting up a competent agency to ensure the quality of the products especially for those intended for the internal market. In the case of products for international market, already there are arrangements for quality assessment and control. It is hoped that these steps will enhance the sale of products in the domestic market.

### 5.13 Towards on-line business

It is reported in local newspapers that the Coir Board as per a policy directive from GoI that steps are under consideration to promote on-line marketing of its coir business and gradually wind-up by 2016, its showrooms and franchisee arrangements all over India. Alternative arrangements for sales have to be made with a sense of urgency so that stocks may not accumulate and block working capital in the production units.

### 5.14 The workers

Workers are obviously expected to be, the prime beneficiaries in the coir sector. Those who are employed in large and medium factories get fair wages, perks and social security benefits as per law. Even, contract labour is given more or less the same wages without perks.

The question is what could be done to uplift the workers in the cooperative sector, small-scale sector and the household units. Thanks to the generous contributions of the State Government, the daily wage is maintained at Rs. 300 per day but without any perks and pension, largely because of persistent financial loss of many of the units. Which means, industrial sickness in these layers need to be addressed on the basis of a comprehensive relief and revival plan based on the norms of modern business management and not liberal distribution of freebies. The onerous responsibility of developing the business vests with the president and the secretary of the units and they should feel accountable to their workers and their welfare. The fact that there are successful units with financial stability and consistent net incomes even in the existing business situation in Kerala indicates that success in business is possible. These units could serve as role models.

#### 5.15 Conclusion

The overall scenario of the coir industry in Kerala is that, except the large units in and around Alappuzha and Cherthala, others such as coir cooperatives, small-scale units and household units are struggling to exist with problems such as non-management or mismanagement of the enterprise without proper business perspectives, skills and discipline. These units have no control over the prices of raw materials and the prices of finished products. Prices are controlled by powerful private traders and exporters even though there are the Price Purchase Stabilisation Scheme, the Price Purchase Enforcement Scheme and the Grievance Committee. Lack of arrangement for systematic collection of good quality husks and make them available in time to the production units has become a perennial problem. Fiber is brought from Tamil Nadu and sold at prices not affordable to the production units in Kerala which chronically suffer from shortage of working capital.

TN has overtaken Kerala in the matter of mechanization and modernization and poses as a strong competitor to our coir industry. Stiff competition from plastic/rubber products is another threat. Frequent vagaries in the demand for coir products in the international market is also a destabilizing factor.

It must be admitted that the State and the Central Governments had/have been supporting the coir industry through a good number of schemes. In sum, it can be stated that the stability and prosperity of the industry solely depend upon two determining factors – one is to keep the price of raw materials such as husk and the fiber, as low as possible and the other is to maintain a reasonable purchase price for the finished products so that the incomes generated through sales would be sufficient to meet the production cost as well as the administrative cost including reasonable wages, bonus, provident fund, medical insurance premium and gratuity. The study team feels and strongly recommends that the two key players in the coir sector namely, the Federation of Indian Coir Exporters' Associations and the intermediate private traders alone can stabilize the price of raw materials and the purchase price at a level that can sustain the coir industry as a desirable business in Kerala and sustain the livelihood of about 4 lakhs of families.

Meanwhile, the administration of the various supporting agencies has to be calibrated and focused so that they effectively serve as a protector and a driving force to the industry.

In general, the CVCS, do not function efficiently according to the basic principles and norms of cooperation nor do they function as a self-employment unit with the required business perspectives and drive. The State Government has done a "mistake" by becoming a shareholder of the societies. This has prompted the workers, the elected members of the managing committee and the member workers to develop a sense of dependency on the Government. The general expectation is that the State Govt. should be a more liberal share holder with a paternal outlook and should absorb all the losses and debts incurred by the units and pump in more money to keep them alive. One of the frequent demands of the failing/struggling units is that the Government should instruct the District Cooperative Banks and other financing agencies to write off their debts and salvage them with additional capital. As indicated earlier, this "dependency syndrome" has to be discouraged forthwith and insist on developing "business syndrome" so that the CVCS becomes an "independent" income-generating unit.



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(See also the list of schemes of GoK and GoI (Appendix G) for the rejuvenation of the coir industry.)

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Appendix – C1  
**PROBLEMS AND PROSPECTS OF COIR INDUSTRY**  
**Interview Schedule I**

**For Co-operative Coir/Matting Society**

Name of Society :

Location :

Permanent address :

Correspondence address :

Contact person :

E-mail :

Designation :

Ph no.

Mob:

Fax:

1. Please indicate the type of co-operative society.

Sl .no	Type of unit	Put a tick mark
1.	Central co-operative society	
2.	Parimary Co-operative society	
3.	Apex co-operative society	
4	State owned coir development agency	
5	If any other-specify	

2. Please state the academic Qualifications of Secretary and Administrators  
 Secretary (a)..... Administrators (a).....  
 (b)..... (b).....  
 (c)..... (c).....

3. Please state the scale of pay followed by coir/mat Co-operative society?

4. Is there any relationship between President and Secretary?

Yes  No

5. If yes, what type of relationship is followed in the society?

6. Please state the duration of elected President in the society.

7. What are the procedures followed for appointing Secretary and other staff in the society?

a.....

b.....

c.....

8. Please state the status of the society/coir business

Successful  Failure

9. If failure, what are the causes for the failure?

.....  
 .....  
 .....

10. Is this unit in operation?  Yes  No

11. The total no. of members in the unit.

12. Fixed asset owned by the unit

Item	Owned		Leased	
	Area(cents)	Value Rs.	Area cents	Annual rent Rs.
1	2	3	4	5
a. Land				
b. Building				
c. Plant and machinery				
d. Retting units				
Capacity				

13. Please state the details of unused machinery in the society.

a.....

b.....

c.....

14. What are the reasons for unused machinery stocked in the society?

a.....

b.....

c.....

15. Is there any fluctuation in the cost of husk/fibre used for coir manufacture/process?

Yes

No

16. Please state the purchasing pattern of coir/fibre into the society.

From Pollachi

From Local market

Own production

From other places

17. Source of finance

Source of finance	Amount in rupees
a. Own finance	
b. Bank/financial institutions/ N.C.D.C	
c. Government loan	
d. Government subsidy	
e. Financial assistance from coir board	
f. Others (specify)	

18. Do the society have any financial problem?

Yes

No

19. Is there any special scheme of Governmental assistance available to the society during the last year?

Yes

No

20. If yes, mention the details...

Name of Schemes	a. b. c. d.
Year introduced	a. b. c. d.
Which Agency	a. b. c.

	d.
Purpose	a. b. c. d.
Amount	a. b. c. d.

21. Is there any indebtedness to the society?

Yes  No

22. If yes, Please state the details of your present indebtedness.

a.....

b.....

c.....

23. Raw material

Stock position	Raw husk		Retted husk		Fibre		Coir yarn		Mats/matting s		Others(specify)	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs
1	2	3	4	5	6	7	8	9	10	11	12	13
a.Begining of the year												
b.End of the year												
c.Purchased/produced during the year												
1.Source code												
2.Transport charges incurred												

Code-Own Produce-1, Purchased from Private Dealers-2, purchased from co-operative society-3,

Others (specify)-4

24. Production and sales during the year

Item	Production		Sold to coirfed		Sold to others		Transportation cost	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	2	3	4	5	6	7	8	9
a.Retted husk								
b.Coir fibre								
c.Coir yarn variety and runnage								
1.								
2.								
3.								
d.Coir rope								
e.Fibre mats								
f.Coir mats								
g.Coir mattings								
h.Coir geo textiles								
i.Coir pith								
j.Curled coir								
k.Rubberised coir – goods								
l.Others(specify)								

## 25. Types of activity (put tick mark)

Purchase of raw husk		Rett spinning	
Purchase of retted husk		Machine spinning	
Mechanical extraction of fibre		Sheering	
Beating husk		Stenciling	
Purchase of fibre		Rubber backing	
Fibre cleaning		Latex backing	
Turbo cleaning		Dyeing	
Hand spinning		Bailing press	
Manufacturing of mates and mattings		Rope making	
Others (specify)			

## 26. Equipment used

Item	No	Owned		Rented no.	Annual rent Rs.	Remarks
		Purchase value	Year of purchase			
1	2	3	4	5	6	7
a.Defibring						
1.Combing plant						
2.Decorating plant						
b.Fibre cleaning machine						
c.Ratt						
1.Two spindle						
2.Three splint						
3.Four splint						
4.Six splint						

d.Spinning machine						
e.Looms for weaving mats 1.Handloom						
f.Shearing machine						
g.Stenciling machine						
h.Spooling machine						
i.Dyeing machine						
j.Rehanking machine						
k.Spray painting machine						
l.Pressing machine						
m.Others(specify)						

## 27. Manpower employed

Administrative	Total amount paid during the year		
	No	salary	bonus
1	2	3	4
a. Office staff			
b.Other regular salaried workers			

## 28. Coir workers employed during the year

Coir workers	Men	Women	Children
1	2	3	4
a.No of mendays			
b.Wages paid-Rs			
c.Bonus paid –Rs			
d.Other emoluments (specify)Rs			

## 29. Working conditions provided to the employees

Conditions of work place	Put a tick mark	General amenities provided	Put a tick mark	Medical facilities	Yes/no	Health hazards if any (describe)	Remarks
1	2	3	4	5	6	7	8
Light and free air Cleanliness Arrangements for work		Latrine Urinal Drinking water Rest shelter Canteen		Employer ESI Others			

## 30. Benefits to the employees

Item	Yes/no	Annual contribution if any Rs.	Remarks
1	3	4	5
Provident Fund			
E.S.I Scheme			
Maternity benefit			
Welfare fund			
Leave with wages			
Holiday wages			
Accident benefits			
Others(specify)			

## 31. Particulars of employees

Sl no.	Activity	Average working hours in a day	Total no.of employees	Total mandays during the last year	Total wages paid	Total bonus paid	Total other benefits	Remitted to coir workers welfare board
1	2	3	4	5	6	7	8	9

32. Is the society faces any man made problems?

 Yes  No

33. If yes, Is it affect the total functioning of society?

 Yes  No
34. Scale of operation: Small  Medium  Large 35. Nature of manufacturing activity: Production  Processing  Marketing 36. Nature of operation: Manual  Mechanical  Both 37. Nature of finished product: Coir  Coir mattress  Rubberized products 38. Annual installed capacity: In units  In volume 39. Actual percentage of capacity utilization: In unit  In volume



40. Idle/ extra capacity: In unit  In volume

41. Nature of market: Domestic  Foreign  Both

42. Is there any time lag in collection of proceeds from Coir Fed or Coir Board?

Yes  No

43. If yes, how many days/months will take for realizing cash?

15 days  15-30 days  1-2 month  above 2 months

44. Is it manageable?

Yes  No

45. If yes, how can you manage the problem of shortage of funds?

a.....

b.....

c.....

46. Nature of distribution of output:

Direct  Export agencies  Franchisees  Governmental agencies

47. State the present status of this unit

Successful  Working  Sick  Closed

48. Rank the following.

1- Excellent 2-Good 3-Average 4-below average 5-Poor

Issues	Score				
	1	2	3	4	5
Finance/subsidy					
Managerial skill					
Lack of sufficient employees					
Space for working					
Expertise knowledge					
Technical know how					
Marketing strategies					
Present availability of raw material					
Availability of workers					
Support from Govt./NGO					
Sufficiency of buyers/suppliers					
Lack of coir spinning factories					

Lack of standard coir/husk products					
Environmental support					
Transportation facility					
Number of working day					
Wage rate					
Other benefits (D.A,PF,ESI)					
Trade union activities					
Demand from domestic market					
Demand from foreign market					
Support from Coir Fed/Coir Board					
Equipment and machinery used					
Innovation, product development					

49. Do you support the statement that 'large scale coir manufacturers accumulate all the benefits of coir industry'?

Yes  No

50. Do you think that mechanization of coir industry will empower the workers economically?

Yes  No

51. State your views about mechanization of coir Co-operative society?

Factors	Yes	No	No Information
Higher degree of workers participation			
Higher profitability			
Higher productivity			
Good working condition at the site			
Less environment pollution			
Less labour cost			
Standardisation of finished products			
Shorter payback period			
Less working time			
Less maintenance cost			
Reduction in the number of workers			
Low cost of production			

52. Is there any production target for workers? Yes  No

53. Is there any need to change the production target after mechanization? Yes  No

54. Does the society provide any social security measures to coir workers?

Yes  No

55. Wage payment system followed in coir industry

Time rate  Piece rate  both Time and Piece rate

56. Are you satisfied with the present wage rate? Yes  No

57. How would you rate the following services of Coir Board?

Rating: 1-Excellent 2-Good 3-Average 4-below average 5-Poor

Services	1	2	3	4	5
Arranging Finance					
Providing training and development					
Environmental clearance					
Arranging machinery					
Arranging subsidies					
Marketing coir products					
Arranging warehouse/store					
Arranging insurance					
Arranging technical know-how					
Sharing innovative ideas					
Welfare of workers					
Attracting entrepreneurs					
Arranging support from Government					
Fixing prices					
Fixing wages					
Fixing output					

58. Does coir board take appropriate measures for fixing productivity based wage rate?

Yes  No

59. State how coir society contributes to enhance the standard of living of coir workers?

Sl. No	Factors	Yes	No	No Information
1	Economic benefit			
2	Employment opportunity			
3	Promoting skilled labours			
4	Global recognition and acceptance			
5	Developing creative ideas			
6	Developing by-products			
7	Expanding foreign exchange			
8	Developing SSI units			
9	Promoting new entrepreneurs			
10	Promote trade union activities			
11	Promote health and family welfare			
12	Promotes security and safety			

60. State wage rate of workers per day or per month?

	Average wage per day (in Rs.)		Average days of employment provided in a year per person	
	Minimum	Maximum	Minimum	Maximum
Male				
Female				

61. Whether state government is giving matching grant in time? Yes  No

62. Have you participated in any exhibition/fairs? Yes  No

63. Do you think that assistance/subsidy is adequate to meet your requirement? Yes  No

64. If no, please indicate the assistance required for market development?

Activity	Amount required (% of sales or minimum)	Justification for assistance
Publicity		
Opening new showroom/ outlet		
Renovation of existing sales outlets		
Market study		
Setting up of market intelligents net work		
If any other (please specify)		

65. What strategies are as required compete with to face threat from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	
Long term	

66. Any special efforts are required for local market development of coir products.

Yes  No

If yes, what are they?

- a) Advertisement through media
- b) Fairs and exhibitions
- c) Promotion through awareness campaign.
- d) Reduce cost of production.
- e) Promotion of exports

67. What strategies are required to focus attention to face the competition from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	

68. How do you address the following issues?

Issue	Strategy
Cost related competition	
Quality and technology	
Brand image	
Publicity of coir products	
Aggressive marketing	
Market intelligence and network	
Increase in staff	
Door delivery	
Mobile van	
Appointment of sales agents	
Motivation	
Customer relationship	
If any other(please specify)	

69. What measures you can suggest for promoting Coir products in the domestic market?

- 1) .....
- 2) .....
- 3) .....
- 4) .....
- 5) .....

Appendix - C2

**PROBLEMS AND PROSPECTS OF COIR INDUSTRY**  
**Interview Schedule II**

**For Private Entrepreneurs**

Name of the unit :  
 Location :  
 Permanent address :  
 Correspondence address :  
 Contact person :  
 E-mail :  
 Designation :

Ph no.

Mob:

Fax:

2. Please indicate the status of unit.

Sl .no	Type of unit	Put a tick mark
1.	Successful	
2.	Working/Defunct	
3.	Sick	

3. Is this unit in operation? Yes  No 4. Total no. of workers in the unit. 

5. Fixed asset owned by the unit

Item	Owned		Leased	
	Area(cents)	Value Rs.	Area cents	Annual rent Rs.
1	2	3	4	5
a. Land				
b. Building				
c. Plant and machinery				
d. Retting units				
Capacity				

6. Source of finance

Source of finance	Amount in rupees
a. Own finance	
b. Bank/financial institutions/ N.C.D.C	
c. Government loan	
d. Government subsidy	
e. Financial assistance from coir board	
f. Others (specify)	

7. Raw material

Stock position	Raw husk		Retted husk		Fibre		Coir yarn		Mats/matting s		Others(specify)	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs
1	2	3	4	5	6	7	8	9	10	11	12	13

a.Begining of the year												
b.End of the year												
c.Purchased/produced during the year												
1.Source code												
2.Transport charges incurred												

Code-Own Produce-1, Purchased from Private Dealers-2, purchased from co-operative society-3, Others (specify)-4

#### 8. Production and sales during the year

Item	Production		Sales		Transportation cost	
	Qty	Value	Qty	Value	Qty	Value
1	2	3	6	7	8	9
a.Retted husk						
b.Coir fibre						
c.Coir yarn variety and runnage						
1.						
2.						
3.						
d.Coir rope						
e.Fibre mats						
f.Coir mats						
g.Coir mattings						
h.Coir geo textiles						
i.Coir pith						
j.Curled coir						
k.Rubberised coir – goods						
l.Others(specify)						

#### 9. Types of activity (put tick mark)

Purchase of raw husk		Rett spinning	
Purchase of retted husk		Machine spinning	
Mechanical extraction of fibre		Sheering	
Beating husk		Stenciling	
Purchase of fibre		Rubber backing	
Fibre cleaning		Latex backing	
Turbo cleaning		Dyeing	
Hand spinning		Bailing press	
Manufacturing of mates and mattings		Rope making	
Others (specify)			

## 10. Equipment used

Item	No	Owned		Rented no.	Annual rent Rs.	Remarks
		Purchase value	Year of purchase			
1	2	3	4	5	6	7
a.Defibring						
1.Combing plant						
2.Decorating plant						
b.Fibre cleaning machine						
c.Ratt						
1.Two spindle						
2.Three splint						
3.Four splint						
4.Six splint						
d.Spining machine						
e.Looms for weaving mats						
1.Handloom						
f.Shearing machine						
g.Stenciling machine						
h.Spooling machine						
i.Dyeing machine						
j.Rehanking machine						
k.Spray painting machine						
l.Pressing machine						
m.Others(specify)						

## 11. Manpower employed

Administrative	Total amount paid during the year		
	No	salary	bonus
1	2	3	4
a. Office staff			
b.Other regular salaried workers			

## 12. Coir workers employed during the year

Coir workers	Men	Women	Children
1	2	3	4
a.No of mendays			
b.Wages paid-Rs			
c.Bonus paid -Rs			
d.Other emoluments (specify)Rs			





16. Scale of operation: Small  Medium  Large

17. Nature of manufacturing activity: Production  Processing  Marketing

18. Nature of operation: Manual  Mechanical  Both

19. Nature of finished product: Coir  Coir mattress  Rubberized products

20. Annual installed capacity: In units  In volume

21. Actual percentage of capacity utilization: In unit  In volume

22. Idle/ extra capacity: In unit  In volume

23. Nature of market: Domestic  Foreign  Both

24. Nature of distribution of output:

Direct  Export agencies  Franchisees  Governmental agencies

25. State the present status of this unit

Successful  Working  Sick  Closed

26. Grade the performance of the unit.

2- Excellent    2-Good    3-Average    4-below average    5-Poor

Issues	Score				
	1	2	3	4	5
Finance/subsidy					
Managerial skill					
Lack of sufficient employees					
Space for working					
Expertise knowledge					
Technical know how					
Marketing strategies					
Present availability of raw material					
Availability of workers					
Support from Govt./NGO					
Sufficiency of buyers/suppliers					

Lack of coir spinning factories					
Lack of standard coir/husk products					
Environmental support					
Transportation facility					
Number of working day					
Wage rate					
Other benefits (D.A,PF,ESI)					
Trade union activities					
Demand from domestic market					
Demand from foreign market					
Support from Coir Fed/Coir Board					
Equipment and machinery used					
Innovation, product development					

27. Do you support the statement that ‘large scale coir manufacturers accumulate all the benefits of coir industry’?

Yes

No

28. Do you think that mechanization of coir industry will empower the workers economically?

Yes

No

29. State your views about mechanization of coir industry?

Factors	Yes	No	No Information
Higher degree of workers participation			
Higher profitability			
Higher productivity			
Good working condition at the site			
Less environment pollution			
Less labour cost			
Standardisation of finished products			
Shorter payback period			
Less working time			
Less maintenance cost			
Reduction in the number of workers			
Low cost of production			

30. Is there any production target for workers? Yes  No

31. Is there any need to change the production target after mechanization? Yes

No

32. Unit provides any social security measures to coir workers?

Yes

No

33. Wage payment system followed here

Time rate  Piece rate  both Time and Piece rate

34. Are you satisfied with the present wage rate? Yes  No

35. How would you rate the following services of Coir Board?

Rating: 1-Excellent 2-Good 3-Average 4-below average 5-Poor

Services	1	2	3	4	5
Arranging Finance					
Providing training and development					
Environmental clearance					
Arranging machinery					
Arranging subsidies					
Marketing coir products					
Arranging warehouse/store					
Arranging insurance					
Arranging technical know-how					
Sharing innovative ideas					
Welfare of workers					
Attracting entrepreneurs					
Arranging support from Government					
Fixing prices					
Fixing wages					
Fixing output					

36. Does coir board take appropriate measures for fixing productivity based wage rate?

Yes  No

37. State how unit contributes to enhance the standard of living of coir workers?

Sl. No	Factors	Yes	No	No Information
1	Economic benefit			
2	Employment opportunity			
3	Promoting skilled labours			
4	Global recognition and acceptance			
5	Developing creative ideas			
6	Developing by-products			
7	Expanding foreign exchange			
8	Developing SSI units			
9	Promoting new entrepreneurs			
10	Promote trade union activities			
11	Promote health and family welfare			
12	Promotes security and safety			

38. State wage rate of workers per day or per month?

	Average wage per day (in Rs.)		Average days of employment provided in a year per person	
	Minimum	Maximum	Minimum	Maximum
Male				
Female				

39. Whether state government is giving matching grant in time? Yes  No

40. Have you participated in any exhibition/fairs? Yes  No

41. Do you think that assistance/subsidy is adequate to meet your requirement? Yes  No

42. If no, please indicate the assistance required for market development?

Activity	Amount required (% of sales or minimum)	Justification for assistance
Publicity		
Opening new showroom/ outlet		
Renovation of existing sales outlets		
Market study		
Setting up of market intelligents net work		
If any other (please specify)		

43. What strategies are as required compete with to face threat from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	
Long term	

44. Any special efforts are required for local market development of coir products.

Yes  No

If yes, what are they?

- f) Advertisement through media
- g) Fairs and exhibitions
- h) Promotion through awareness campaign.
- i) Reduce cost of production.
- j) Promotion of exports

45. What strategies are required to focus attention to face the competition from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	

46. How do you address the following issues?

Issue	Strategy
Cost related competition	
Quality and technology	
Brand image	
Publicity of coir products	
Aggressive marketing	
Market intelligence and network	
Increase in staff	
Door delivery	
Mobile van	
Appointment of sales agents	
Motivation	
Customer relationship	
If any other(please specify)	

47. What measures you can suggest for promoting Coir products in the domestic market?

- 6) .....
- 7) .....
- 8) .....
- 9) .....
- 10) .....

#### Appendix – C3

### **Problems and prospects of coir industry Questionnaire for mats and Matting units Interview schedule III**

Name of Society :

Location :

Permanent address :

Correspondence address :

Contact person :

E-mail :

Designation :

Ph no.

Mob:

Fax:

1. Please indicate the type of co-operative society.

Sl .no	Type of unit	Put a tick mark
1.	Central co-operative society	
2.	Parimary Co-operative society	
3.	Apex co-operative society	
4	State owned coir development agency	
5	If any other-specify	

2. Please state the academic Qualifications of Secretary and Administrators  
 Secretary (a)..... Administrators (a).....  
 (b)..... (b).....  
 (c)..... (c).....
3. Please state the scale of pay followed by coir/mat Co-operative society?
4. Is there any relationship between President and Secretary?  
 Yes  No
5. If yes, what type of relationship is followed in the society?
6. Please state the duration of elected President in the society.
7. What are the procedures followed for appointing Secretary and other staff in the society?  
 a.....  
 b.....  
 c.....
8. Please state the status of the society/coir business  
 Successful  Failure
9. If failure, what are the causes for the failure?  
 .....  
 .....  
 .....
10. Is this unit in operation?  Yes  No
11. The total no. of members in the unit.
12. Fixed asset owned by the unit

Item	Owned		Leased	
	Area(cents)	Value Rs.	Area cents	Annual rent Rs.
1	2	3	4	5
a. Land				
b. Building				
c. Plant and machinery				
d. Retting units				
Capacity				

13. Please state the details of unused machinery in the society.

a.....

b.....

c.....

14. What are the reasons for unused machinery stocked in the society?

a.....

b.....

c.....

15. Is there any fluctuation in the cost of husk/fibre used for coir manufacture/process?

Yes

No

16. Please state the purchasing pattern of coir/fibre into the society.

From Pollachi

From Local market

Own production

From other places

17. Source of finance

Source of finance	Amount in rupees
a. Own finance	
b. Bank/financial institutions/ N.C.D.C	
c. Government loan	
d. Government subsidy	
e. Financial assistance from coir board	
f. Others (specify)	

18. Is the society having any financial problems?

Yes

No

19. Is there any special scheme/assistance available to the society during the last year?

Yes

No

20. If yes, mention the details...

Name of Schemes	a. b. c. d.
Year introduced	a. b. c. d.
Which Agency	a. b. c. d.



Purpose	a. b. c. d.
Amount	a. b. c. d.

21. State the volume of indebtedness of the society, if any?

Yes  No

22. If yes, Please state the details of your present indebtedness.

a.....

b.....

c.....

23. Raw material

Stock position	Raw husk		Retted husk		Fibre		Coir yarn		Mats/matting s		Others(specify)	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs	Ton	Rs
1	2	3	4	5	6	7	8	9	10	11	12	13
a.Begining of the year												
b.End of the year												
c.Purchased/produced during the year												
1.Source code												
2.Transport charges incurred												

Code-Own Produce-1, Purchased from Private Dealers-2, purchased from co-operative society-3,

Others (specify)-4

## 24. Production and sales during the year

Item	Production		Sold to coirfed		Sold to others		Transportation cost	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
1	2	3	4	5	6	7	8	9
a.Retted husk								
b.Coir fibre								
c.Coir yarn variety and runnage								
1.								
2.								
3.								
d.Coir rope								
e.Fibre mats								
f.Coir mats								
g.Coir mattings								
h.Coir geo textiles								
i.Coir pith								
j.Curled coir								
k.Rubberised coir – goods								
l.Others(specify)								

## 25. Types of activity (put tick mark)

Purchase of raw husk		Rett spinning	
Purchase of retted husk		Machine spinning	
Mechanical extraction of fibre		Sheering	
Beating husk		Stenciling	
Purchase of fibre		Rubber backing	
Fibre cleaning		Latex backing	
Turbo cleaning		Dyeing	
Hand spinning		Bailing press	
Manufacturing of mates and mattings		Rope making	
Others (specify)			

## 26. Equipment used

Item	No	Owned		Rented no.	Annual rent Rs.	Remarks
		Purchase value	Year of purchase			
1	2	3	4	5	6	7
a.Defibring						
1.Combing plant						
2.Decorating plant						
b.Fibre cleaning machine						
c.Ratt						
1.Two spindle						
2.Three splint						
3.Four splint						

4.Six splint						
d.Spining machine						
e.Looms for weaving mats						
1.Handloom						
f.Shearing machine						
g.Stenciling machine						
h.Spooling machine						
i.Dyeing machine						
j.Rehanking machine						
k.Spray painting machine						
l.Pressing machine						
m.Others(specify)						

## 27. Manpower employed

Administrative	Total amount paid during the year		
	No	salary	bonus
1	2	3	4
a. Office staff			
b.Other regular salaried workers			

## 28. Coir workers employed during the year

Coir workers	Men	Women	Children
1	2	3	4
a.No of mendays			
b.Wages paid-Rs			
c.Bonus paid –Rs			
d.Other emoluments (specify)Rs			

## 29. Working conditions provided to the employees

Conditions of work place	Put a tick mark	General amenities provided	Put a tick mark	Medical facilities	Yes/no	Health hazards if any (describe)	Remarks
1	2	3	4	5	6	7	8
Light and free air		Latrine		Employer ESI Others			
Cleanliness		Urinal					
Arrangements for work		Drinking water					
		Rest shelter					
		Canteen					

## 30. Unit benefits to the employees

Item	Yes/no	Annual contribution if any Rs.	Remarks
1	3	4	5
Provident Fund			
E.S.I Scheme			
Maternity benefit			
Welfare fund			
Leave with wages			
Holiday wages			
Accident benefits			
Others(specify)			

## 31. Particulars of employees

Sl no.	Activity	Average working hours in a day	Total no.of employees	Total mandays during the last year	Total wages paid	Total bonus paid	Total other benefits	Remitted to coir workers welfare board
1	2	3	4	5	6	7	8	9

32. Do you think that is there any men made activities are carried out in the society?

 Yes  No

33. If yes, Is it affect the total functioning of society?

 Yes  No
34. Scale of operation: Small  Medium  Large 35. Nature of manufacturing activity: Production  Processing  Marketing 36. Nature of operation: Manual  Mechanical  Both 37. Nature of finished product: Coir  Coir mattress  Rubberized products 38. Annual installed capacity: In units  In volume 39. Actual percentage of capacity utilization: In unit  In volume

40. Idle/ extra capacity: In unit  In volume

41. Nature of market: Domestic  Foreign  Both

42. Is there any time lag occurred on account of coir/mat sold to Coirfed?

Yes  No

43. If yes, how many days/months will take for realizing cash?

15 days  15-30 days  1-2 month  above 2 months

44. Is it manageable?

Yes  No

45. If yes, how can you manage the coir/mat operation?

a.....

b.....

c.....

46. Nature of distribution of output:

Direct  Export agencies  Franchisees  Governmental agencies

47. State the present status of this unit

Successful  Working  Sick  Closed

48. Rank the following.

3- Excellent 2-Good 3-Average 4-below average 5-Poor

Issues	Score				
	1	2	3	4	5
Finance/subsidy					
Managerial skill					
Lack of sufficient employees					
Space for working					
Expertise knowledge					
Technical know how					
Marketing strategies					
Present availability of raw material					
Availability of workers					
Support from Govt./NGO					
Sufficiency of buyers/suppliers					
Lack of coir spinning factories					
Lack of standard coir/husk products					

Environmental support					
Transportation facility					
Number of working day					
Wage rate					
Other benefits (D.A,PF,ESI)					
Trade union activities					
Demand from domestic market					
Demand from foreign market					
Support from Coir Fed/Coir Board					
Equipment and machinery used					
Innovation, product development					

49. Do you support the statement that 'large scale coir manufacturers accumulate all the benefits of coir industry'?

Yes  No

50. Do you think that mechanization of coir industry will empower the workers economically?

Yes  No

51. State your views about mechanization of coir Co-operative society?

Factors	Yes	No	No Information
Higher degree of workers participation			
Higher profitability			
Higher productivity			
Good working condition at the site			
Less environment pollution			
Less labour cost			
Standardisation of finished products			
Shorter payback period			
Less working time			
Less maintenance cost			
Reduction in the number of workers			
Low cost of production			

52. Is there any production target for workers? Yes  No

53. Is there any need to change the production target after mechanization? Yes  No

54. Does the society provide any social security measures to coir workers?

Yes  No

55. Wage payment system followed in coir industry

Time rate  Piece rate  both Time and Piece rate

56. Are you satisfied with the present wage rate? Yes  No

57. How would you rate the following services of Coir Board?

Rating: 1-Excellent 2-Good 3-Average 4-below average 5-Poor

Services	1	2	3	4	5
Arranging Finance					
Providing training and development					
Environmental clearance					
Arranging machinery					
Arranging subsidies					
Marketing coir products					
Arranging warehouse/store					
Arranging insurance					
Arranging technical know-how					
Sharing innovative ideas					
Welfare of workers					
Attracting entrepreneurs					
Arranging support from Government					
Fixing prices					
Fixing wages					
Fixing output					

58. Does coir board take appropriate measures for fixing productivity based wage rate?

Yes  No

59. State how coir society contributes to enhance the standard of living of coir workers?

Sl. No	Factors	Yes	No	No Information
1	Economic benefit			
2	Employment opportunity			
3	Promoting skilled labours			
4	Global recognition and acceptance			
5	Developing creative ideas			
6	Developing by-products			
7	Expanding foreign exchange			
8	Developing SSI units			
9	Promoting new entrepreneurs			
10	Promote trade union activities			
11	Promote health and family welfare			
12	Promotes security and safety			

60. State wage rate of workers per day or per month?

	Average wage per day (in Rs.)		Average days of employment provided in a year per person	
	Minimum	Maximum	Minimum	Maximum
Male				
Female				

61. Whether state government is giving matching grant in time? Yes  No

62. Have you participated in any exhibition/fairs? Yes  No

63. Do you think that assistance/subsidy is adequate to meet your requirement? Yes  No

64. If no, please indicate the assistance required for market development?

Activity	Amount required (% of sales or minimum)	Justification for assistance
Publicity		
Opening new showroom/ outlet		
Renovation of existing sales outlets		
Market study		
Setting up of market intelligents net work		
If any other (please specify)		

65. What strategies are as required compete with to face threat from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	
Long term	

66. Any special efforts are required for local market development of coir products.

Yes  No

If yes, what are they?

- k) Advertisement through media
- l) Fairs and exhibitions
- m) Promotion through awareness campaign.
- n) Reduce cost of production.
- o) Promotion of exports

67. What strategies are required to focus attention to face the competition from synthetic products?

Strategy	Suggested strategy
Short term	
Mid term	



68. How do you address the following issues?

Issue	Strategy
Cost related competition	
Quality and technology	
Brand image	
Publicity of coir products	
Aggressive marketing	
Market intelligence and network	
Increase in staff	
Door delivery	
Mobile van	
Appointment of sales agents	
Motivation	
Customer relationship	
If any other(please specify)	

69. What measures you can suggest for promoting Coir products in the domestic market?

- 1) .....
- 2) .....
- 3) .....
- 4) .....
- 5) .....

#### Appendix - D

#### Coir Sector:

#### Schemes under the XII th Five Year Plan (Kerala State Planning Board)

1. Marketing, Publicity Propaganda, Trade Exhibitions and Assistance for Setting up of Showrooms

(Outlay: Rs. 800.00 lakh)

The objective of the scheme is to popularize the activities in the coir sector and strengthening marketing for overall development of the sector. The outlay proposed is for attending and organizing trade fairs at State, National and international level including Coir Kerala. Support to be provided to co-operatives, coir PSUs and other institutions/departments in the coir sector for participation in trade fairs/exhibitions, buyer seller meet, coir mart, popularization of schemely activities, conducting studies, enumeration, documentation of activities, project report preparation, conducting seminars/awareness camps/workshops, giving awards and scholarship in the coir sector, organizing coir day etc.

An amount of Rs. 800 lakh is provided in the budget for 2015-16 for above activities.

2. Market Development Assistance for the Sale of Coir and Coir Products (50% SS)

(Outlay: Rs. 800.00 lakh)

The Government of India substituted Rebate scheme with MDA, at the rate of sales turnover prescribed by the Government of India. The State contributes 50% of the MDA. The provision will be utilized to promote sales of coir and coir products, market development programme etc. as per Government of India norms along with central share. The incentives shall be input output linked for the products of Coirfed, Fomil, Kerala State Coir Corporation, Coir co-operatives and others as applicable based on total turnover of respective institution that of the sector as a whole, employment generated and value addition.

An amount Rs. 800.00 lakh is provided in the Budget 2015-16 for meeting 50% State Share for the implementation of the scheme.

3. Coir Geo-Textiles Development Programme

(Outlay: Rs. 30.00 lakh)

The comprehensive Geo Textiles Development Programme is aimed at implementing model projects, inclusion of Geo Textiles as a standard engineering material, creation of awareness on Geo-Textiles, strengthening of R&D, and orientation on Geo-Textiles. The assistance can be given to COIRFED, Kerala State Coir Co-operatives, Foam Mattings India Limited, Alapuzha Coir Cluster Development Society, National Coir Research & Management Institute, Public Works Department, Irrigation Department, Government Institutions and other agencies for implementation of various Geo-textiles activities in their respective areas based on projects with specific outcomes.

An amount of Rs. 30 lakh is provided in the Budget 2015-16 for above activities.

4. Grant for Centers of Research and Development in Coir Technology

(Outlay: Rs. 620.00 lakh)

The scheme intends to undertake R&D activities to improve the coir sector as a whole including enhancing productivity in the sector, bringing innovation in mechanization, creation of diversified coir products with high value addition, infrastructure development, improving facilities and project based expenses of NCRMI.

An amount of Rs. 620 lakh is provided in the Budget 2015-16 for the above activities.

#### 5. Margin Money Loan to Entrepreneurs

(Outlay: Rs. 5.00 lakh)

Small scale units in coir sector will be assisted by providing margin money loan up to 50% as to avail financial assistance from banks/financial institutions, for establishing new industrial units or expansion/diversification/modernization of existing industrial units as per norms. The scheme is intended to attract entrepreneurs for production of value added products in the coir sector based on bankable projects.

An amount of Rs. 5.00 lakh is provided in the Budget 2015-16 for above activities.

#### 6. Regulated Mechanisation of Coir Industry

(Outlay: Rs. 7014.00 lakh)

To meet the global demand for coir products of superior quality and to withstand the price competition from other fibers, it is essential to modernize and enhance the productivity in coir industry. Value projects of co-operative societies, public sector undertakings and other government institutions in the coir sector to modernize, expand, diversify, reorganise and revive their units / factories will be supported under the scheme. Assistance for setting up and modernization of Waste Treatment plants, measures on pollution control, providing infrastructure facilities including modern ratt / spinning / willowing machine, work sheds of coir co-operatives, strengthening quality control mechanism, establishment of common facility service centre, revitalization / expansion / modernization /diversification of defibering mills also come under the purview of the scheme. No working capital support or man power and other related activities is envisaged under the scheme.

Provision can also be utilized for the preliminary works to set up a permanent exhibition and convention centre on a PPP Mode, integrated with the Coir Village of international standards too.

An amount of Rs. 7014.00 lakh is provided in the Budget 2015-16 for the above activities.

## 7. Training and Management Improvement

(Outlay: Rs. 100.00 lakh)

The scheme intends to provide training to the employees of the Coir Development Department, Coirfed, Kerala Coir Workers Welfare Fund Board and PSUs and other workers in the latest development / research and development innovations in the coir sector including advanced training and skill up-gradation, creation of computer aided designs, modernization of the department by completing computerization based on IT Master Plan, AMC, adding hardware and software, maintenance of website, net connections etc and other e-governance activities including purchase of essential computers and other equipments. Imparting training for society functionaries and workers of coir cooperatives for the better management of the societies including skill up-gradation and entrepreneurship development activities are also included under the scheme.

An amount of Rs. 100.00 lakh is provided in the Budget 2015-16 for the above activities.

## 8. Production and Marketing Incentive (PMI)

(Outlay: Rs. 500.00 lakh)

The Scheme is for providing assistance to promote production, marketing and exports of coir and coir products including PVC and rubberized coir products and Geo-textiles by the Primary Coir Cooperative Societies, Mats and Matting Co-operative Societies, Apex Societies and Public Sector Undertakings, viz, Kerala State Coir Corporation and Foam Mattings (India) Ltd. To encourage sustained production so as to facilitate sale in coir sector and thereby generate more employment opportunities in the sector. A portion of the amount can be utilized for promotion of marketing heritage products, as well. Assistance shall be based on actual sales turnover of the institutions – input output linked, employment generated, and value added on products. Care should be taken to avoid incentives proposed under MDA Scheme as well as duplication of assistance at various stages in the value chain. An amount of Rs. 500.00 lakh is provided in the Budget 2015-16 for the above activities.

## 9. Price Fluctuation Fund

(Outlay: Rs. 1500.00 lakh)

Price Fluctuation Fund Scheme is intended to stabilize the price of coir fiber, yarn and coir products. This is aimed to make the COIRFED, FOMIL and KSSC capable to produce / procure the products from co-operatives giving price at par with the production cost and compensates the loss, if any, sustained while selling at market prices. The Co-operative societies, small scale producers and apex organizations will be directly benefited and indirectly benefit the entire coir workers by ensuring statutory wages. The provision can be used for price fluctuation / purchase price stabilization programmes alike. The incentives shall be input-output linked for the materials purchased through COIRFED, KSSC and FOMIL, based on total sales turnovers of the respective institution, that of sector as a whole, employment generated and value added on products. Due care is to taken to avoid duplication of assistance at various stages in the value chain.

An amount of Rs. 1500.00 lakh is provided in the Budget 2015-16 for above activities.

## 10. Govt. share participation for Coir Cooperatives

(Outlay: Rs. 75.00 lakh)

The scheme intends to strengthen the share capital base of the cooperatives in the coir sector. Existing societies which have not availed the eligible amount in full can also avail the assistance. It is proposed to assist 50 societies under the scheme based on clear cut viable proposals for modernization/diversification with specific outcomes.

An amount of Rs. 75.00 lakh is provided in the Budget 2015-16 for the above activities.

## 11. Cluster development programme in coir sector

(Outlay: Rs. 150.00 lakh)

Cluster development programme in Coir sector is being implemented by Coir Board under the Scheme of Fund for Regeneration of traditional Industries (SFURTI). Clusters can be formed as per norms and avail the central assistance based on projects for which a state share of Rs. 150 lakh is provided.

An amount of Rs. 150 lakh is provided in the Budget 2015-16 for the above activities.

## 12. Construction of building for Coir Bhavan

(Outlay: Rs. 100.00 lakh)

The scheme is intended for the completion of office building (Coir Bhavan) and other facilities to make the office fully functional. A portion of the amount can also be utilized for the work in connection with the construction of a building for Alapuzha Coir Project Office.

An amount of Rs. 100.00 lakh is provided in the Budget 2015-16 for the scheme.

### Appendix E

## **Innovation in Coir Products**

### **Coir composites as wood substitute**

The R&D efforts of the Coir Board of India were successful in developing a coir composite that can substitute wood , plywood and MDF boards. The composites are made out of a combination of two or more materials to achieve superior properties than that of its components. Here coir fiber and phenolic resoles are used to make the ply of any desired density. Based on the density the ply can replace plastic boards, MDF boards, or hard board made out of wood. The coir ply can be reinforced with plantation wood like rubber wood veneer, for better properties and without destroying natural forests. They are resistant to termite and borer attacks , flame retardant boiling water resistant, and free from fungal growth . The nail holding properties are better than MDF, because of the long staple and normal carpentry tools are good enough to work with. The coir ply has been standardized under BIS (IS: 14842-2000). It has obtained necessary approvals for use in the Indian Railway , Defence, CPWD, State Road Transport Undertakings , HUDCO, Rajive Gandhi Rural Housing Corporation, State Housing agencies , etc . This technology is now available for commercial exploitation. Once it becomes popular , its contribution to save the tropical forest timber would be phenomenal. Its contribution to save the tropical forest timber would be phenomenal. It is estimated that 40 cubic meters of coir ply can save about 26.4.ha of forest per annum form deforestation, assuming 250 trees per ha and each tree producing 1.80 cubic meters of wood.

## **Coir as packaging material**

Another R&D project of the Coir Board in collaboration with the Indian Institute of Packaging, Mumbai has developed alternative to conventional wood based packing material for various applications. Crates made out of coir composite board for heavy equipments like circuit breakers , Lids for fiber drums and collapsible reusable containers replacing plywood are come of the very exciting products developed under this project. They are superior in quality compared to commercial plywood, MDF board etc. and are very cost competitive. Tests and trials of these products have been successful. This technology is also now available for commercial exploitation .

Notwithstanding these achievements, the R&D efforts in the field of coir fiber composites are still in its infancy. Substantial work is yet to be done in product innovation and diversification especially to make it totally ecofriendly by using biodegradable polymer as binding material and to reduce cost of production. There are several other exciting opportunities for coir composites in the field of automobile interiors like door panels , packaging industry , household articles like trays , plates, etc for materials like crates, pallets corrugated containers , etc . However , it is their mechanical reliability , durability, recycleability, end of the life disposability and above all cost effectiveness that determine the preference for use of coir composites. The lack of awareness about the advantages of the product, reluctance of contractors and carpenters to use it , non-availability of a critical mass of these products in the market are some of the obstacles on their way to getting popularized with the potential consumers.

## **Coir bhoovastra**

Another non-conventional product from the coir industry is the Coir Bhuoovastra or Coir Geotextiles commonly being used in soil bioengineering applications . One of the major ecological threats that the world faces today is soil erosion, particularly of the topsoil . The fertile , roughly 30cm thick topsoil is what sustains life and civilizations on earth. About 36% of the worlds cropland is losing topsoil at an alarming speed , threatening the food security of several countries. The developing countries are the worst affected. It takes thousands of years to form the thin layer of surface soil but needs only a few minutes to lose it through erosion caused either by water or wind or mindless human interferences. About 27% of the land surface of our country is facing threat of one or another form of soil erosion. Left unchecked , it can convert precious cropland into barren wasteland. Deforestation is one major factor contributing to soil erosion. The most ecofriendly method of erosion control is through revegetation preferably using a natural geotextile . The Coir Bhoovastra as long term biodegradable geotextile for soil bioengineering and bioremediation applications has been well

acknowledged. The coir geotextile are available in woven or non-woven form as meshes, needled felt, pads, Erosion Control Blankets (ECBs), geo-rolls, antiweed blankets etc. The permeable fabric is easy to install and flows the contours of the soil surface. It is particularly useful for uneven and rocky terrains. It can be used as an overlay for surface protection or as an interlay for separation, filtration and drainage. It protects the soil surface and promotes growth of vegetation during its formative stage. It can dissipate energy of flowing water and absorb solar radiation. The woven mesh hugging on to the surface acts like micro check dams retaining moisture for the seeds to germinate and the saplings to take root both in terrestrial and aquatic riparian habitat. Depending on the terrain, weather condition, type of yarn used and the quality of the fabric, product life varies from one to three years. In underwater applications it may extend up to five years or even more. Thereafter it degrades into a mulch and get incorporated in the soil, which gives it an edge over the synthetic geotextiles. Coir Bhoovastra has a variety of applications as in soil stabilization, slope stabilization, watercourse protection, stream bank protection, shoreline protection, storm water channeling, road pavement, road surface stabilization, fly ash dump protection, mine site reclamation, forest re-vegetation, watershed management, mud wall reinforcement, landscaping etc. But the sad part is that while several countries abroad have recognized its worth as proven by the increasing exports, it is yet to find its legitimate place in our own country.

Coir Geotextiles are used as woven fabrics, non-woven, stitched blankets etc. for various soil bioengineering applications. According to an estimate, the world market demand for geotextiles is about 1400 million sq. meters and is growing steadily. It is in fact an engineering material and it requires a technology based promotion strategy. The characteristics of specific erosion protection, selection of suitable technology and testing of materials like coir geofabric, seeds, saplings, etc are all relevant for a successful technology based promotion of coir geotextiles. The growing awareness about the need for protecting soil, in the developed and developing countries is a welcome sign. With a new Farm Policy pruning of agricultural subsidies, replacing it with a technical assistance programme for water and soil conservation, and new norms under NPDES Phase II in the USA the demand for geotextiles is bound to increase. This opportunity has to be harnessed. The coir geotextile producing countries can jointly embark on generic promotion of the product in a mutually beneficial manner. The vast market for long term biodegradable geotextile which is legitimately that of coir, should be exploited through cooperative efforts. This would enable bulk utilization of raw-materials and generation of new employment opportunities particularly in the rural areas preventing migration of workforce to urban centers.



## **Rubberized coir and needled felt**

A CFC/ITC study held in mid 90s has identified coir needled felt, geotextiles and coir pith as products with good export promotion. mattresses, packaging material, acoustic and insulation material, besides its use as geotextiles. The annual value of global sales of rubberized coir is estimated to be over US \$ 500 million . Coir needled felt is being used as mattress material plant liners, insulation pads, geotextiles garden articles and even as an organic mulch. The restriction imposed on use of polyurethane in U.K. and enforcement of stringent fire retardance elsewhere in Europe, offers scope for exporting rubberized coir . But this scope is conditioned by its price competitiveness. The lose of market suffered by the European and Japanese car seat manufacturers using rubberized coir , on account of high cost of production can possibly be regained if rubberized coir producers of India and Sri Lanka can step in with quality products at competitive prices.

## **Coir Pith**

The coir pith or coir dust , which is the spongy residual material , is the by product of fiber extraction which has caught the imagination of the horticulturists. It has immense potential as a soil conditioner and moisture-retaining medium for horticultural applications. It is widely being used in nurseries as a plant grow out medium especially in hydroponics. Its demand is on the increase due to the restrictions being imposed on mining of peat moss. With quality assurance, the product can find a ready market , either as such or as composted material. But the potential end users are not fully aware of its advantages , and the promotional efforts have not been adequate . There is dearth of testing facilities and recognized certification agencies in the producer countries. Other garden articles like plant liners , baskets, grow bags, shredded husks, and bit fibers are also in demand for orchid and other cut flower cultivation in the large and growing Market Garden sector

(Christy Fernandez, Former Chairman, Coir Board)

## Appendix F

**Evaluation Study of Domestic Market Development Assistance Scheme  
implemented by Coir Board (2008)**

By APITCO Ltd. Engineering Growth

**Domestic Market Development Assistance Scheme implemented by Coir Board**

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India has been implementing a scheme namely Domestic Market Development Assistance Scheme (DMDA) through Coir Board since 2000-2001 for domestic market development. Under this scheme, the Government provided financial assistance @ 10 per cent of the annual sales turnover to the apex co-operative societies, manufacturing societies, state-owned coir development agencies/ showrooms/ sales depots of the Board. The burden of the assistance is shared equally by the Central Government and the concerned state government. The Ministry (MSME) awarded the evaluation study of the DMDA Scheme to APITCO. The grant or assistance under DMDA has to be utilized for the following purposes:

- To promote the sale of coir products manufactured by co-operatives and Public Sector Enterprises committed to payment of minimum wages and other obligatory benefits to coir workers.
- To encourage sustained production and more employment opportunities, especially in the co-operative sector of the coir industry.
- To provide financial support on a continuing basis around the year to the co-operative and public sector enterprises who undertake market development programmes such as setting up sales network, publicity, participation in exhibitions etc.

The main objectives of the study are to:

- **Evaluate the existing system of implementation** of the scheme including the laid down criteria for selection of beneficiaries and average time taken at each stage of processing the proposal leading to actual disbursement of MDA to the beneficiaries through the State Governments.

- Assess the **adequacy of the assistance** provided under the scheme and examine whether it is being utilized by the beneficiaries for the purposes enshrined under the guidelines of the scheme.
- Assess the **impact of the Market Development Assistance** provided to the beneficiary organizations through State Government in terms of the extent of development of domestic market of coir and coir products.
- **Identify the thrust areas** for which the Coir Board is required to focus its attention in the short, medium and long term to meet with the competition from synthetic products in the domestic market.
- Assess the **impact of the exhibitions** organized by Coir Board or Board's participation in exhibitions organized by other agencies in the promotion of coir and coir products in domestic market in terms of increase in sales and suggest measures for improving the effectiveness of the participation in the exhibition for promoting coir materials in the domestic market.
- Assess whether the amount spent on participation in exhibitions is commensurate with the quantum of sales generated during and after the exhibitions.
- Assess the functioning of the Showrooms & Sales Depots of Coir Board and sales outlets of other Government - sponsored organizations with a view to suggesting specific areas for improvement and promoting sales of coir products in the domestic market.

### **Concluding observations and recommendations**

The evaluation study on Domestic Market Development Assistance (DMDA) scheme implemented by Coir Board was carried out as per the terms of reference indicated by the Ministry of MSME, Government of India. Based on the analysis of the field survey concluding main observations and suggestions for the improvement of the scheme are detailed below:

#### **Main Observations of the evaluation study**

##### a) Impact

- The implementation of DMDA Scheme was found to be helpful but not effective to Coir Board, Apex societies or primary co-operative societies in view of limitations of specific purposes of utilization as per norms stipulated by the MSME, Government of India.
- All the beneficiaries and agencies including Coir Board suggested to make modifications in the scheme.

#### b) Adequacy

- About 77% of the total respondents felt that the assistance provided under the scheme is inadequate. Though beneficiaries availed 10% assistance, they did not have proper awareness of the guidelines of the scheme. The State agencies and directorates expressed that implementation of the guidelines for envisaged activities by the primary societies are not practicable. It is also noted that majority of the Primary Coir Co-operative societies are selling the products to the Apex societies and availing the grant. The specific purposes of the scheme i.e. publication, innovations, showrooms etc, are not properly implemented. The apex bodies are not effectively focusing these components.
- Majority of the respondents suggested to increasing the DMDA Assistance from the existing 10% to 20% financial assistance based on annual sales turnover of previous year instead of average of sales turnover of last three years.

#### c) Selection of Beneficiaries

- There is no specific criterion for selection of beneficiaries under the scheme as all societies are eligible based on the average sales performance of the previous three years subject to submission of required documents to the State Directorate. However, the number of societies claimed DMDA are below 50% of the total societies in co-operative sector.
- It is observed that exclusive fiber manufacturing societies are not availing the assistance under DMDA scheme

#### d) Time taken for sanction & disbursement

- The average time taken for sanction and disbursement from the date of submission of application ranging from 3-6 months in all the states. Depending on the availability of funds, the state governments are making the disbursement of the grants in one or two installments before close of the financial year. Whenever, the claim was more than the allocation of grant to the state, the release of arrears is nominally taking more time and accordingly disbursement was also delayed.

#### e) Usefulness of the scheme

- More than 80% of the societies expressed that scheme is useful and their sales increased on an average. About 40% of growth rate was envisaged in sales during the last six years at the rate of 7% per annum on an average.
- f) Competition from synthetic products
- Coir products are facing stiff competition with synthetic products in view of the price advantage, durability and customer acceptance.
  -
- g) Participation in exhibitions
- Coir Board and other implementing agencies have been participating in exhibitions extensively in different parts of the country. It helped only the purpose of the demonstration of the products and creation of awareness. The participation in exhibitions is not effectively made for increasing the sales. Strategic approach is required to increase sales. In the case of cooperative societies, participation in exhibition with the support of Coir Board, helped them to increase the sales.
  - It is generally observed that amount spent on participation in exhibitions is not commensurate with the quantities of sales during the exhibition by Coir Board.
- h) Status of sales showrooms
- The sales showrooms of either Coir Board or state agencies could not achieve their sales targets except few showrooms of Coir Board.
- a. It is normally found that the majority of sales outlets are in non-commercial areas. Their ambience is poor and infrastructure facilities are not adequate
  - b. Ineffective domestic sales
  - c. No strategy for marketing
  - d. No effective schemes for inspiring customer satisfaction
  - e. Lack of proper product display
  - f. Poor interior decoration
- i. Employable days and minimum wage
- The average employable days are only 215 days and minimum wage is around Rs. 78 for men and women.

- It is also observed that about 35% of the members of the society are getting employment which needs to be addressed

#### Appendix G

### Schemes of the Governments (GoK & GoI) for the Promotion of Coir Industry in Kerala

#### **A. Govt. of India schemes for Coir industry** Coir Beneficiary Schemes

Coir Board is a statutory body established by the Government of India under a legislation enacted by the Parliament namely Coir Industry Act 1953 (45 of 1953) for the promotion and development of Coir Industry in India as a whole. Coir Board is the nodal central government agency promoting the development of Coir Sector in the country. Coir Board has established five regional offices at Bangalore, Bhuvanewar, Thiruvananthapuram, Pollachi, Rajamundry. There are five sub-regional offices at Kannur, Sivagangai, Guwahati, Kolkatta, and Thanjavur.

Following are the major Coir Beneficiary Schemes.

#### Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

Planning Commission's Working Group on XII Plan has recommended continuation of SFURTI with its existing components like: replacement of equipments, setting up of common facilities, support for development of new products, designs, packaging, market promotion, capacity building activities, etc. It has also been recommended that a number of KVI schemes hitherto being implemented by KVIC in Khadi and Village Industries sectors with similar or overlapping objectives, be merged in SFURTI and give flexibility to Implementing Agencies to choose their own basket of components as per need. Thus the following schemes are being merged into SFURTI: The Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans, the Scheme for Product Development, Design Intervention and Packaging (PRODIP), the Scheme for Rural Industries Service Center (RISC) and other small interventions like Ready Warp Units, Ready to Wear Mission, etc run by KVIC during XI Plan from Khadi Grants and VI Grants. 1.7. Despite the success of the SFURTI scheme, an independent evaluation of the SFURTI clusters highlighted the need to improve the sustainability and competitiveness of these clusters. The recommendations include enhanced allocation per cluster, increased responsibility of the Technical Agencies (TAs), critical financial appraisal and development of robust business plans and convergence of programs at the cluster level. 1.8. As mentioned in the Budget announcement made by Finance Minister for 2013-14, 800 clusters of khadi, village industries and coir are to be developed during XII Plan with an outlay of Rs 850 crore to cover 4 (four) lakh artisans.

Assistance from Multilateral Development Banks is also to be leveraged, to extend support under SFURTI to 800 clusters during the XII Plan.

#### Coir Udyami Yojana(CUY)

Description	This is a credit linked subsidy scheme for setting up of coir units with project cost upto Rs.10 lakhs plus one cycle of working capital, which shall not exceed 25% of the project cost. Working capital will not be considered for subsidy.
Nature of Assistance	Maximum admissible cost of the project is 10 lakhs plus working capital, which shall not exceed 25% of the project cost. 1.Beneficiary's contribution 5% of the project cost 2.Bank credit 55%. 3.Rate of Subsidy 40% of the project
Who can Apply?	Individuals, Companies, Self Help Groups, Non Governmental Organizations, Institutions registered under Societies Registration Act 1860, Production Co-operative Societies, Joint Liability Groups and Charitable Trust,
How to Apply?	Click on Apply Now button to Apply Online Or the applications can be collected from Coir Board Offices, District Industries Centres, Coir Project Offices, Panchayati Raj Institutions and the Nodal Agencies approved by the Board for this purpose and have to be submitted directly to the Coir Board Field Offices or through the DICs.

#### CUY Marketing Assistance

Description	With a view to provide handholding support towards the marketing efforts of the CUY beneficiaries Assistance will be given to establish a marketing consortium.
Nature of Assistance	1.Establishing Marketing consortium 2.Participation In Fairs/Exhibitions 3.Hiring Spaces in the Showrooms 4.Hiring Premises for office 5.Reimbursement of salary of consortium employees
Who can Apply?	Consortium with CUY beneficiaries as Members.
How to Apply?	Click on Apply Now button to Apply Online.

### Export Market Promotion Scheme

MARKET PROMOTION' IS to expand the share of Indian coir products in global market;to assess main competitors, product ranges, price, general setting and promotional strategies;to motivate distribution channels to promote coir products; to assess tariff/non tariff barriers on coir vis-a-vis competing products and pursue possible their elimination/reduction through bilateral negotiations;to engage consultancy services/professional agents for specific assignments/ projects relating to export promotion;to seek expert and professional advice on export related matters, foreign trade, etc.; and to hold trade talks with decision makers in Governments/Chambers of Commerce & Industry, market/ distribution network and vendor development mechanisms. The activities to be undertaken under this component of the scheme are Participation in the annual conference of International Erosion Control Association (IECA).,Participation in the inter-session meetings of Inter Governmental Group on Hard Fibres of FAO.,Participation in the global conferences of other related international agencies. Organize and host international seminars for promoting exports.

### Domestic Market Promotion Scheme

The Market Development Assistance Scheme has been introduced by the Coir Board w.e.f. 2000-2001 in lieu of the Rebate Scheme that was in operation in the Coir Sector till 1999-2000. The MDA is linked with the sales performance of the concerned beneficiary organization and aims at providing incentives for better performance.

### Development of Production Infrastructure Scheme

The principal thrust of the Development of Production Infrastructure Scheme of the Ministry of MSME being implemented through the Coir Board, a statutory body under the administrative control of Ministry of MSME, is on development of infrastructure for the sustainable development of coir sector. The scheme envisages provision of financial assistance for setting up new coir units and modernization of existing units for the sustainable growth of the coir sector. Due to the extension of coconut cultivation to non-traditional coconut producing states, coir industry also expanded its activities to such states with the assistance of the Coir Board for development of infrastructure for setting of coir units. The scheme is in operation since 7th Five Year Plan. Under the existing scheme, financial assistance was being provided to coir production units at the



rate of 25% of the cost of equipment and infrastructure facilities subject to maximum of Rs.1.5 lakh for new units and Rs.50,000 for modernization of existing units. In the case of units producing multiple items, the maximum amount of subsidy admissible is Rs.5 lakh. The existing parameters of the financial assistance under the scheme continued during the first two years of XI Plan. The export oriented coir sector is investing on development of infrastructure for the production of high valued coir products of international standard by importing coir processing machinery to match the production process in importing countries. The equipment which were so far considered for financial assistance under the scheme have since become obsolete in terms of low productivity and high labour orientation. It was, therefore, felt necessary to revise the financial norms of the assistance under the scheme. The scheme was got evaluated through an independent agency. Keeping in view the recommendations of the evaluating agency and all related factors, various parameters of the scheme have been revamped to achieve the objectives of higher productivity, modernization, technology upgradation, cost efficiencies and competitiveness of the Coir sector.

### Skill Upgradation and Quality Improvement Scheme

The Coir Industry is a labour intensive and export oriented industry employing more than 6.5 lakh persons. The decentralized operations in the coir industry without adequate training of spinners and weavers have been posing problems particularly for ensuring the desired level of quality in the ultimate products. Inferior quality may ultimately turnout to be detrimental to the concerted efforts towards overall development of the industry and also its survival, particularly it being a traditional product, in the present context of unprecedented competition on account of cheap synthetic substitutes, globalization and liberalization. Skill development is, therefore, the most essential pre-requisite for the overall development of the industry and to accelerate the spread of the industry into non-traditional areas. 1.2 Development of skilled manpower in coir industry through appropriate training programmes is one of the major activities of the Coir Board. Continuous improvement in the quality of certain products is essential to sustain the demand for coir products and also for improvement in prospects of coir products in a world, which is becoming more and more quality conscious. In order to achieve the above objectives, the Board has been organizing, quality improvement camps and entrepreneurship development programmes.

## Personal Accident Insurance Scheme for Coir workers

Coir Industry is a traditional cottage industry employing more than 6.5 lakh coir workers of which 80% are women and belong to the poorest sections of the society. The coir processing activities such as extraction of fibre, spinning of coir yarn, manufacture of rope and finished products involve drudgery, strain and hardship. Basic amenities of life are very often not available in this sector and the people are unable to find their own resources to acquire such facilities. Though mechanization / modernization are taking place in some sectors of the industry, the fibre extraction in white fibre sector is still being undertaken manually under different working conditions. The coir workers engaged in the extraction of fibre with the aid of machinery like crusher, disintegrator, defibering machine, decorticating machine, spinning on motorized ratt and fully automatic machine, and manufacture of products on looms etc, are prone to minor and major accidents. In the background of demands for limited resources from various interests, it is essential to implement a developmental scheme for the benefit of marginalized group like coir workers. Because of the economic backwardness, coir workers are not in a position to get them covered under any insurance scheme for securing their life against accident/accidental death. It was in 1998 that the Coir Board Coir Workers Group Personal Accident Insurance Scheme was first introduced in coir sector to secure the life of coir workers against accidents. The scheme has been got evaluated through an independent agency and based on its recommendations and other factors, the scheme is proposed to be continued during XI plan. 1.2 The Group Personal Accident Insurance Scheme for Coir Workers is aimed at providing insurance coverage against accidental death, permanent total disability and permanent partial disability to the coir workers in all coir producing states in India.

## TRADE & INFORMATION

Government of India has approved a new credit linked subsidy scheme called Rejuvenation, Modernization and Technology Upgradation of the Coir Industry to facilitate sustainable development of the Coir Industry in the country which in turn generate more employment opportunities especially for women and the weaker sections of people in rural areas. CUY Scheme will be a Central Sector Scheme to be administered by the Ministry of Micro, Small and Medium Enterprises. The Scheme will be implemented by Coir Board a statutory organization under the Ministry of MSME as the Nodal Agency at the national level. At State level the scheme will be implemented through Board's Regional Offices, Sub Regional Offices, Coir Mark Scheme Office and District Industries Centres, Coir Project Offices, Banks and such other offices from time to time. The Government subsidy under the scheme released to Coir Board will be routed through the identified banks for the eventual distribution to the beneficiaries/entrepreneurs in their bank accounts. The Implementing Agencies viz. Coir

Board Offices, DIC, Coir Project Offices etc will associate with reputed Non Governmental Organizations (NGOs)/reputed Autonomous Institutions/National Small Industries Corporation/Panchayathi Raj Institutions and other relevant bodies in the implementation of the Scheme especially in the area of identification of beneficiaries, area of specific viable projects and providing training in Entrepreneurship Development, verification of units established under the Scheme.

### B. Govt. of Kerala schemes for Coir industry

<b><u>Kerala Govt Subsidy/Grant Schemes for coir sector recommended by the Coir Commission</u></b>				
<b>S No</b>	<b>Name of the Scheme</b>	<b>Details of the scheme</b>	<b>Amount allowed</b>	<b>Beneficiary</b>
1.	Mktg,Publicity,Propoganda	For attending trade fairs/exhibitions, set up showrooms for develop coir products markets Grant up to Rs. 1 lakh for setting show rooms in places approved by Director of Coir Development	. 1.5. crores	Fomil, Coirfed, KSCC, eligible reimburse @ 50% of the cost. Coop societies are also eligible for this scheme.
2	Grant to enable Kerala Coir Workers Welfare Fund Board to implement various welfare schemes	Granting pension 10.5 cr Other Grants etc 2cr Old age home 0.5 cr	13 crores	Coir workers- appx 45000
3.	Coir Geo-textiles Development Programme	implementing pilot projects, inclusion of Geotextiles as a standard engineering material, strengthening of R&D and marketing efforts with product specified MDA packages	25 lakhs	Coirfed, K S C C, FOMIL, ACCDS, NCRMI, PWD, Irrigation, KSEB and other Government Institutions
4.	Regulated Mechanization of Coir Industry	Provide assistance @ 50% subsidy to the, who modernize their factory for acquiring high productivity semi automatic looms. procuring computer with software for computer aided designs. Special investment subsidy from	10 crores	Co-op societies, individuals and PSU

		this provision to mechanized defibering mills established by entrepreneurs @ 50% of the fixed capital investment, subject to maximum Rs. 10.00 lakh.		
5.	Training and Managmt Improvement	Provide training in the latest development/ research and development innovations in the Coir Sector. including purchase of essential computers and other equipments, conducting EDPs for starting and sustain ventures	75 lakhs	staff of Coir Development Department, Coirfed, Kerala Coir W W FB and PSUs
6.	Infrastructure Development for Co-operatives	Provide financial support for developing infrastructure facilities for attracting coir industries in co-operatives. Co-operatives/P S U having land are eligible Also can utilize for purpose of common facility service centres .	2.50 crores	100 Co-operatives/ 2 P S U s and defunct ICDP units
7.	Production and Marketing Incentive (PMI)	financial assistance to promote production and marketing of coir products, rubberized coir, Geotextiles	2 crores	Primary co-op Societies, Mats and Mattings Societies, PSU s
8.	Establishment of Defibering Mills	Establish Defibering Mills and produce coir fibre in the State revive/renovate the existing Defibering Mills, incentives/subsidies for husk collection scheme	10 crores 6-husk collection , 3-estblsht of 25 D F Mills . 1-renvatn existing 30 D F mills	workers' co-op /Kudumbasree units

9.	Revitalization of Coir Co-operative Societies	Revitalization of Coir Co-operatives by providing fixed capital and working capital assistance, settling pension/gratuity/share/thrift clear the liabilities and to improve its health	7.09 crores	Running/defunct/closed but revivable coop Societies, Mats & Mattings Societies and SS Producers Co-operatives, DF Mill Co-operative Societies
10.	Price Fluctuation Fund	stabilize the price of coir fibre, yarn and coir products Aimed strengthen Coirfed,KSCC capable to produce the products giving price at par with the production cost and compensate the loss, sustained while selling at market prices.	10 crores	Co-op societies.SS producers and apex organization
11.	Kerala Coir marketing Consortium/ Marketing Company	Establish Kerala Coir Marketing Consortium. by utilizing the investments of all stake holders including PSUs/Coirfed/Co-operatives in coir sector/small scale producers/private entrepreneurs etc	2 crores	Coir sector
12.	Market Development Assistance for sale of Coir Products	At 10% of annual turnover (an average of three years). Utilized to promote sales of coir and coir products,, identify new markets hire marketing professionals	6 crores 3 - State 3 - Central	Result oriented. 40 Co-operative CM & MC Societies and other institutions like Coirfed and 2 PSUs
13.	Margin Money Loan to Entrepreneurs	Providing margin money loan up to 50%, so as to avail margin for financial assistance from banks/financial institutions, for establishing new industrial units or expansion/ diversification of existing industrial units. Also for meeting the Margin Money Loan requirement of cluster consortia in coir sector	10 lakhs limited to 2.50 lakh per unit	Small Scale producers

14	Government share participation for Coir Co-operatives	Strengthen the share capital base of the Co-operatives in the Coir Sector	50.lakh	25 societies
15	Cluster development programme	State share of 2crores provided for meeting all types of cluster development projects approved by the Government of India.- for SFRUTI and IIUS	2crores	Coir sector
16	Employee Welfare Scheme (New Scheme)	measures for improving the conditions of employees, working in the co-operative societies of Coir sector	50 lakhs	Coir Workers

#### Appendix H Coir Kerala 2016

Coir Kerala 2016 is the sixth edition of the world's biggest annual trade event on coir and natural fibres. The five-day event will bring together scientists, researchers and policymakers and facilitate discussions of strategies and new initiatives to create jobs, better the conditions of coir workers, as also raise productivity and earnings across the industry, state Minister for Revenue and Coir Adoor Prakash told reporters here today.

"Following the announcement at last year's Coir Kerala to accelerate coir husk procurement, production rose from 25,000 tonnes to 60,000 tonnes," he said.

"The government is targeting 75,000 tonnes by the end of this fiscal year," he said.

Noting that "the required value for self-sustainability in coir fibre production is 2.25 metric tonne," he added that the government had taken steps to ramp up production.

"The government has distributed Rs 4.5 crore among co-operative sectors and earmarked Rs 5.5 crore to the Coir corporation's purchase price stabilisation scheme," the minister said. Coir Kerala is also a showcase for an array of innovative coir products and technologies to increase sector productivity and profitability.

The international pavilion will have 125 stalls while the national pavilion will feature 135 stalls. The Government of Kerala initiated the Coir Kerala programme in 2011 to rejuvenate the coir sector through fillips to production and branding. Thiruvananthapuram-based National Coir Research and Management Institute is the event's coordinating agency.

### Appendix – I Tabulated Data and Interpretation

Table 1.0  
Comparative Income Statement of Pambalil CVCS No. 864  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	966,350.00	834,026.00	(132,324.00)	(13.69)
Less: Cost of Goods sold	954,694.00	844,261.00	(110,433.00)	(11.57)
<b>Gross profit/loss</b>	<b>11,656.00</b>	<b>(10,235.00)</b>	<b>(21,891.00)</b>	<b>(187.81)</b>
Less: Admin.expenses	220,412.00	232,213.00	11,801.00	5.35
Selling Expenses	18,892.00	23,209.00	4,317.00	22.85
Total Operating expenses	239,304.00	255,422.00	16,118.00	6.74
<b>Operating Profit/loss</b>	<b>(227,648.00)</b>	<b>(265,657.00)</b>	<b>(38,009.00)</b>	<b>16.70</b>
Add: Non-Operating income	12,890.00	36,692.00	23,802.00	184.65
<b>Net profit/Loss</b>	<b>(214,758.00)</b>	<b>(228,965.00)</b>	<b>(14,207.00)</b>	<b>6.62</b>

Comparative income statement analysis of the society shows that there is a decreasing trend in sales value (13.69 per cent) as compared to previous year. This results in a reduction in gross profit from ₹ 11656 to a gross loss of ₹ 10235 in 2014-15. The percentage of net loss shows that there is an increase in current year's loss as compared to previous year (6.62 per cent). This society has provided employment for 18 workers for 250 days leading to the generation of 4500 labour days in the current year. This society is a functional one having the possibility of transforming it as an efficient and successful one.

Table 2.0  
Comparative Income Statement of Kandachira CVCS No. 50  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	540,176.00	588,432.00	48,256.00	8.93
Less: Cost of Goods sold	566,678.50	604,462.00	37,783.50	6.67
<b>Gross profit/loss</b>	<b>(26,502.50)</b>	<b>(16,030.00)</b>	<b>10,472.50</b>	<b>(39.52)</b>
Less: Admin.expenses	156,079.00	123,177.82	(32,901.18)	(21.08)
Selling Expenses	14,551.50	11,718.00	(2,833.50)	(19.47)

Total Operating expenses	170,630.50	134,895.82	(35,734.68)	(20.94)
<b>Operating Profit/loss</b>	<b>(197,133.00)</b>	<b>(150,925.82)</b>	<b>46,207.18</b>	<b>(23.44)</b>
Add: Non-Operating income	5,122.00	42,234.00	37,112.00	724.56
<b>Net profit/Loss</b>	<b>(192,011.00)</b>	<b>(108,691.82)</b>	<b>83,319.18</b>	<b>(43.39)</b>

The above statement reveals that there is an increase in the net sales (8.93 per cent) in current year as compared to previous year 2013-14. The cost of goods sold also increased in the current year (6.67 per cent). The gross loss in the current year was decreased due to the changes in sales value and the net loss also showed a decreasing trend due to the impact of the reduction in operating expenses. The operational efficiency of this society was satisfactory as the volume of loss decreased disregard of the marginal increase in sales volume. This society also succeeded in providing 149 days of employment to 15 workers leading to generation of 2235 labour days for the current financial year. Functionally the performance of this society is satisfactory in providing more days of employment. Through proper monitoring and control this CVCS also can be transformed to the level of break even in the near future.

Table 3.0  
Comparative Income Statement of Cherumoodu CVCS No. 119  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	560,346.00	692,208.00	131,862.00	23.53
Less: Cost of Goods sold	570,318.00	727,882.00	157,564.00	27.63
<b>Gross profit/loss</b>	<b>(9,972.00)</b>	<b>(35,674.00)</b>	<b>(25,702.00)</b>	<b>257.74</b>
Less: Admin.expenses	158,792.00	142,914.00	(15,878.00)	(10.00)
Selling Expenses	14,900.00	20,900.00	6,000.00	40.27
Total Operating expenses	173,692.00	163,814.00	(9,878.00)	(5.69)
<b>Operating Profit/loss</b>	<b>(183,664.00)</b>	<b>(199,488.00)</b>	<b>(15,824.00)</b>	<b>8.62</b>
Add:Non-Operating income	17,162.00	13,549.00	(3,613.00)	(21.05)
<b>Net profit/Loss</b>	<b>(166,502.00)</b>	<b>(185,939.00)</b>	<b>(19,437.00)</b>	<b>11.67</b>

The comparative income statement of Cherumoodu CVCS reveals that sales value and cost of goods sold has increased in the current year.(23.53 per cent & 27.63 percent respectively). The result reveals, excess cost of goods sold in relation to sales. This has resulted in an increased volume of gross loss (257.74 per cent). The performance of this society is also satisfactory as it succeeded in providing 193 days of work to 15 employees.(2895 labour days).as the loss of the society is marginal ,through mechanisation and improved managerial skill ,it is very easy to transform these society as an operationally successful unit.



Table 4.0  
Comparative Income Statement analysis of Kanjirakodu CVCS No. 358  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	59,118.00	294,288.00	235,170.00	397.80
Less: Cost of Goods sold	65,116.00	307,570.00	242,454.00	372.34
<b>Gross profit/loss</b>	<b>(5,998.00)</b>	<b>(13,282.00)</b>	<b>(7,284.00)</b>	<b>121.44</b>
Less: Admin.expenses	26,997.00	65,681.00	38,684.00	143.29
Selling Expenses	4,900.00	13,700.00	8,800.00	179.59
Total Operating expenses	31,897.00	79,381.00	47,484.00	148.87
<b>Operating Profit/loss</b>	<b>(37,895.00)</b>	<b>(92,663.00)</b>	<b>(54,768.00)</b>	<b>144.53</b>
Add: Non-Operating income	26,096.00	24,697.00	(1,399.00)	(5.36)
<b>Net profit/Loss</b>	<b>(11,799.00)</b>	<b>(67,966.00)</b>	<b>(56,167.00)</b>	<b>476.03</b>

This statement reveals that the gross loss has increased (121.44 per cent) in relation to increase in sales (397.80 per cent) and cost of goods sold (372.34 per cent). The changes in sales volume is the reason for the increase in operating expenses, operating loss and net loss. This society was a dysfunctional one as it failed to provide sufficient number of working days (40 days in the year) to the workers. As the loss of the society shows a fivefold increase, it is better to liquidate this unit than revive it.

Table 5.0  
Comparative Income Statement analysis of Pulikuzhi CVCS No. 626  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	1,301,593.00	1,182,384.00	(119,209.00)	(9.16)
Less: Cost of Goods sold	1,238,355.00	1,205,328.00	(33,027.00)	(2.67)
<b>Gross profit/loss</b>	<b>63,238.00</b>	<b>(22,944.00)</b>	<b>(86,182.00)</b>	<b>(136.28)</b>
Less: Admin.expenses	241,584.00	227,086.00	(14,498.00)	(6.00)
Selling Expenses	23,500.00	22,500.00	(1,000.00)	(4.26)
Total Operating expenses	265,084.00	249,586.00	(15,498.00)	(5.85)
<b>Operating Profit/loss</b>	<b>(201,846.00)</b>	<b>(272,530.00)</b>	<b>(70,684.00)</b>	<b>35.02</b>
Add: Non-Operating income	72,456.00	51,298.00	(21,158.00)	(29.20)
<b>Net profit/Loss</b>	<b>(129,390.00)</b>	<b>(221,232.00)</b>	<b>(91,842.00)</b>	<b>70.98</b>

The comparative income statement of Pulikuzhi CVCS reveals that sales amount has a decreasing trend (9.16 per cent). The decrease in the volume of sales influenced the cost of goods sold in the current year. The result shows that the gross profit in the previous year has changed to gross loss in the current year. This society also has succeeded in providing more days of employment (4320 days) to its workers. This reveals that this society is operationally efficient. The percentage of loss is not justifiable even though it is less (71 percent) when compared to other loss making units. It is feasible and economic to adopt a step to revive the society.

Table 6.0  
Comparative Income Statement of Kuzhiyam CVCS No. 629  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	244,525.00	302,036.00	57,511.00	23.52
Less: Cost of Goods sold	272,852.00	356,626.00	83,774.00	30.70
<b>Gross profit/loss</b>	<b>(28,327.00)</b>	<b>(54,590.00)</b>	<b>(26,263.00)</b>	<b>92.71</b>
Less: Admin.expenses	74,431.00	49,898.00	(24,533.00)	(32.96)
Selling Expenses	7,495.00	16,125.00	8,630.00	115.14
Total Operating expenses	81,926.00	66,023.00	(15,903.00)	(19.41)
<b>Operating Profit/loss</b>	<b>(110,253.00)</b>	<b>(120,613.00)</b>	<b>(10,360.00)</b>	<b>9.40</b>
Add: Non-Operating income	2,552.00	3,460.00	908.00	35.58
<b>Net profit/Loss</b>	<b>(107,701.00)</b>	<b>(117,153.00)</b>	<b>(9,452.00)</b>	<b>8.78</b>

This statement reveals that sales value and cost of goods sold of the CVCS were increased in the current year. The increase in the percentage of cost of goods sold was (30.70 per cent) ,when compared to sales value of (23.52 per cent). This leads to the increase in gross loss for the current year. The reduction in the operating expenses (19.41 per cent) had an impact on the net loss of the current year as compared to previous year. This society functioned for 270 days in the current year which resulted in the generation of 4320 labour days that highlights its operational efficiency and commitment of management. As the percentage of loss is marginal, it is desirable to modernize and mechanise this unit to transform it as a successful one.

Table 7.0  
Comparative Income Statement of Charukkadu CVCS No. 631  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	779,929.00	806,472.00	26,543.00	3.40
Less: Cost of Goods sold	792,061.00	871,679.00	79,618.00	10.05
<b>Gross profit/loss</b>	<b>(12,132.00)</b>	<b>(65,207.00)</b>	<b>(53,075.00)</b>	<b>437.48</b>
Less: Admin.expenses	153,751.00	191,673.64	37,922.64	24.66
Selling Expenses	23,929.00	14,250.00	(9,679.00)	(40.45)
Total Operating expenses	177,680.00	205,923.64	28,243.64	15.90
<b>Operating Profit/loss</b>	<b>(189,812.00)</b>	<b>(271,130.64)</b>	<b>(81,318.64)</b>	<b>42.84</b>
Add: Non-Operating income	13,628.00	10,205.00	(3,423.00)	(25.12)
<b>Net profit/Loss</b>	<b>(176,184.00)</b>	<b>(260,925.64)</b>	<b>(84,741.64)</b>	<b>48.10</b>

The comparative income statement for the period of 2013-14 to 2014-15 reveals that sales value and cost of goods sold increased to (3.4 and 10.05 per cent respectively) than the sales. This result has led to an increase (437.48 per cent) in gross and net loss (48.10 percent) .195 days of work has been provided by this society to 14 workers leading to the generation of 2730 labour days. This society has also proved as operationally efficient. The increase in the percentage of gross loss of the society was enormous (437.48 percent).but the net loss (48.10 percent) is justifiable. The reduced levels of selling expense (40.25 percent) lead to decrease the net loss. Revival possibility of the society is satisfactory.

Table 8.0  
Comparative Income Statement of Vellimon East CVCS No. 861  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	574,033.00	652,716.00	78,683.00	13.71
Less: Cost of Goods sold	571,583.00	725,575.00	153,992.00	26.94
<b>Gross profit/loss</b>	<b>2,450.00</b>	<b>(72,859.00)</b>	<b>(75,309.00)</b>	<b>(325.32)</b>
Less: Admin.expenses	78,458.00	159,785.00	81,327.00	103.66
Selling Expenses	18,714.00	12,800.00	(5,914.00)	(31.60)
Total Operating expenses	97,172.00	172,585.00	75,413.00	77.61
<b>Operating Profit/loss</b>	<b>(94,722.00)</b>	<b>(245,444.00)</b>	<b>(150,722.00)</b>	<b>159.12</b>
Add: Non-Operating income	15,026.00	10,998.00	(4,028.00)	(26.81)
<b>Net profit/Loss</b>	<b>(79,696.00)</b>	<b>(234,446.00)</b>	<b>(154,750.00)</b>	<b>194.18</b>

The comparative income statement of Vellimon East CVCS reveals that as sales value increased to 13.71 per cent, the cost of goods sold was doubled (26.94 the per cent) to sales. This has led to the highest increase of (325.32 per cent) gross loss. The gross loss of the society is 3.25 times and net loss is 2 times of sales. This society is a functional one as it has provided 227 days of employment to 14 workers leading to generation of 3178 labour days in the current year.

Table 9.0  
Comparative Income Statement of Nanthirikal CVCS No. 862  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	173,996.00	177,192.00	3,196.00	1.84
Less: Cost of Goods sold	200,387.00	199,291.00	(1,096.00)	(0.55)
<b>Gross profit/loss</b>	<b>(26,391.00)</b>	<b>(22,099.00)</b>	<b>4,292.00</b>	<b>(16.26)</b>
Less: Admin.expenses	15,884.00	30,228.00	14,344.00	90.30
Selling Expenses	4,700.00	19,100.00	14,400.00	306.38
Total Operating expenses	20,584.00	49,328.00	28,744.00	139.64
<b>Operating Profit/loss</b>	<b>(46,975.00)</b>	<b>(71,427.00)</b>	<b>(24,452.00)</b>	<b>52.05</b>
Add: Non-Operating income	900.00	675.00	(225.00)	(25.00)
<b>Net profit /Loss</b>	<b>(46,075.00)</b>	<b>(70,752.00)</b>	<b>(24,677.00)</b>	<b>53.56</b>

The increase in the sales of this CVCS over the period of analysis was marginal (1.84%). The result shows that the operating expenses had increased (139.64 per cent) in the current year. This has led to the increased net loss (53.56 per cent). This unit has provided 152 days of employment to the workers in the current year. The operational feasibility of the society and chance of revival is marginal.

Table 10.0  
Comparative Income Statement of Pambalil East CVCS No. 866  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	1,245,715.00	1,068,672.00	(177,043.00)	(14.21)
Less: Cost of Goods sold	1,251,497.00	1,090,120.00	(161,377.00)	(12.89)
<b>Gross profit/loss</b>	<b>(5,782.00)</b>	<b>(21,448.00)</b>	<b>(15,666.00)</b>	<b>270.94</b>
Less: Admin.expenses	198,519.00	250,825.00	52,306.00	26.35
Selling Expenses	18,249.00	21,196.00	2,947.00	16.15
Total Operating expenses	216,768.00	272,021.00	55,253.00	25.49
<b>Operating Profit/loss</b>	<b>(222,550.00)</b>	<b>(293,469.00)</b>	<b>(70,919.00)</b>	<b>31.87</b>
Add: Non-Operating income	14,092.00	48,463.00	34,371.00	243.90
<b>Net profit/ Loss</b>	<b>(208,458.00)</b>	<b>(245,006.00)</b>	<b>(36,548.00)</b>	<b>17.53</b>

Comparative income statement analysis of Pampalil East CVCS reveals and the cost of goods sold is more than the sales value. It result has an impact on the increase in the gross loss for the current year. The operating expenses also reveals an increasing trend (25.49 per cent), which leads to the increase in net loss (17.53 per cent) .The operating efficiency of this society have reduced as volume of sales had decreased to the extent of 14.21 percent .As more number of working days (263) are provided by the management to the workers, it is observed that the functional efficiency of this society is satisfactory. Despite of the decrease in the volume of operating loss of the society has increased considerably resulting to a corresponding increase in the net loss. The net loss percentage is manageable (17.53 percent) through sincere efforts. This society can also be revived as an operationally successful unit. Inefficiency on the part of the management is observed as a serious drawback in almost all societies with the exception of one or two profit making unit.

Table 11.0  
Comparative Income Statement of Kanjirakodu CVCS No. 872  
for the year ended 2013-14 and 2014-15

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	439,195.00	457,056.00	17,861.00	4.07
Less: Cost of Goods sold	460,697.00	483,696.00	22,999.00	4.99
<b>Gross profit/loss</b>	<b>(21,502.00)</b>	<b>(26,640.00)</b>	<b>(5,138.00)</b>	<b>23.90</b>
Less: Admin.expenses	175,776.00	134,209.00	(41,567.00)	(23.65)
Selling Expenses	20,370.00	20,225.00	(145.00)	(0.71)
Total Operating expenses	196,146.00	154,434.00	(41,712.00)	(21.27)
<b>Operating Profit/loss</b>	<b>(217,648.00)</b>	<b>(181,074.00)</b>	<b>36,574.00</b>	<b>(16.80)</b>
Add: Non-Operating income	15,624.00	17,965.00	2,341.00	14.98
<b>Net profit/ Loss</b>	<b>(202,024.00)</b>	<b>(163,109.00)</b>	<b>38,915.00</b>	<b>(19.26)</b>

Source: project report,kerala state coir development department.

The comparative financial statement analysis OF Kanjiracode CVCS revealed that there is proportionate increase in sales and cost of goods sold in the current year (4.07 per cent and 4.99 per cent respectively). The impact of increased sales and cost of goods sold has resulted in an increased gross loss for the current year. The result also reveals decreasing operating expenses (21.27 per cent), led to a corresponding decrease in net loss (19.26 per cent). This society succeeded in providing more days of employment to the workers among the societies in Kundara circle. (2727 days).Even though loss of the society is manageable, managerial efficiency is not satisfactory. Hence, it is to be enhanced.

Table 12.0  
Comparative Income Statement of Perinadu CVCS No. 873  
for the year ended 2013-14 and 2014-15

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	1,642,864.00	1,536,216.00	(106,648.00)	(6.49)
Less: Cost of Goods sold	1,612,193.00	1,549,884.00	(62,309.00)	(3.86)

<b>Gross profit/loss</b>	<b>30,671.00</b>	<b>(13,668.00)</b>	<b>(44,339.00)</b>	<b>(144.56)</b>
Less: Admin.expenses	190,365.00	227,413.00	37,048.00	19.46
Selling Expenses	34,687.00	36,520.00	1,833.00	5.28
Total Operating expenses	225,052.00	263,933.00	38,881.00	17.28
<b>Operating Profit/loss</b>	<b>(194,381.00)</b>	<b>(277,601.00)</b>	<b>(83,220.00)</b>	<b>42.81</b>
Add: Non-Operating income	14,398.00	56,419.00	42,021.00	291.85
<b>Net profit/ Loss</b>	<b>(179,983.00)</b>	<b>(221,182.00)</b>	<b>(41,199.00)</b>	<b>22.89</b>

Source :project report,kerala state coir development department

The comparative analysis of the income statement shows that sales activities undertaken by this society was decreased (6.49 per cent) as compared to the previous year. This result had an impact for the shift of the society from gross profit to gross loss in the current year. There is an increase in the amount of the operating expenses, for the year 2014-15, when compared to the previous year. The gross loss percent (144.56) of the society is dissatisfactory, but the net loss percentage (23) is manageable. This society has provided the maximum number of labour days to the workers among the CVCS under Kundara circle. A decrease in the volume of sales and trend shift from profit to loss denotes its operational inefficiency.

Table 13.0  
Common size Income Statement of Chemmakadu CVCS No. 300  
for the year ended 2014 -15

<b>Particulars</b>	<b>Rs.</b>	<b>%</b>
Sales	924,554.00	100.00
Less Cost of Goods sold	1,016,437.50	109.94
<b>Gross profit/loss</b>	<b>(91,883.50)</b>	<b>(9.94)</b>
Less: Admin.expenses	93,368.00	10.10
Selling Expenses	18,731.00	2.03
Total Operating expenses	112,099.00	12.12
<b>Operating Profit/loss</b>	<b>(203,982.50)</b>	<b>(22.06)</b>
Add: Non-Operating income	21,200.00	2.29
<b>Net profit/ Loss</b>	<b>(182,782.50)</b>	<b>(19.77)</b>

The common size statement of the Chemmakadu society in Kundara circle shows that in the current year the cost of goods sold of this society was more than the sale value (109.97 per cent). The net loss of the society for the year (2014-15) was 19.77 per cent of sales value. This society's performance was satisfactory as it is a functional one and succeeded in providing 203 days of employment to 28 workers, led to the generation of 5684 labour days.

Table 14.0  
Comparative Income Statement of Ayanivelikulangara CVCS No. 497  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	480,944.00	143,004.00	(337,940.00)	(70.27)
Less: Cost of Goods sold	578,687.00	238,921.90	(339,765.10)	(58.71)
<b>Gross profit/loss</b>	<b>(97,743.00)</b>	<b>(95,917.90)</b>	<b>1,825.10</b>	<b>1.87</b>
Less: Admin.expenses	279,936.00	151,248.00	(128,688.00)	(45.97)
Selling Expenses	0.00	0.00	0.00	0.00
Total Operating expenses	279,936.00	151,248.00	(128,688.00)	(45.97)
<b>Operating Profit/loss</b>	<b>(377,679.00)</b>	<b>(247,165.90)</b>	<b>130,513.10</b>	<b>34.56</b>
Add: Non-Operating income	0.00	0.00	0.00	0.00
<b>Net profit/ Loss</b>	<b>(377,679.00)</b>	<b>(247,165.90)</b>	<b>130,513.10</b>	<b>34.56</b>

The statement reveals that the amount of gross loss was more or less same to the society when compared to previous year. The gross loss decreased only to a marginal extent of 1.87 per cent in 2014-15. The result reveals that the cost of goods sold in 2014-15 was low when compared to 2013-14. It was observed that the sales activity undertaken was low and also the cost of goods sold was reduced (58.71 per cent) in 2014-15 more than proportionate to the decrease in sales value (70.27 per cent). The decrease in gross loss is the result of reduction in sales and cost of goods sold for the current year.

Table 15.0  
Comparative Income Statement of Clappana North CVCS No. 431  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	549,840.00	1,777,551.00	1,227,711.00	223.29
Less: Cost of Goods sold	601,423.00	1,467,974.00	866,551.00	144.08
<b>Gross profit/loss</b>	<b>(51,583.00)</b>	<b>309,577.00</b>	<b>361,160.00</b>	<b>700.15</b>
Less: Admin.expenses	84,731.00	135,343.00	50,612.00	59.73
Selling Expenses	13,890.00	53,750.00	39,860.00	286.97
Total Operating expenses	98,621.00	189,093.00	90,472.00	91.74
<b>Operating Profit/loss</b>	<b>(150,204.00)</b>	<b>120,484.00</b>	<b>270,688.00</b>	<b>180.21</b>
Add: Non-Operating income	19,166.00	14,718.00	(4,448.00)	(23.21)
<b>Net profit/ Loss</b>	<b>(131,038.00)</b>	<b>135,202.00</b>	<b>266,240.00</b>	<b>203.18</b>

The statement of analysis reveals that there is an increase in the sales value (223.29 percent) as compared to 2013-14. The trend of gross profit of the society also shows a remarkable increase (700.15 percent) (2014-15) from gross loss in 2013-14. The results of operating profit and net profit were also increased in tune with the increase in the sales value to the level of 180.21 per cent and 203.18 per cent respectively. The remarkable increase in the profitability of the society was due to mechanization, managerial efficiency and dedication on the part of the workers. It is interesting to note that the society was a loss making one in the previous year, which was transformed as a profit making one. This incident was a note worthy one to be highlighted as a model. It is decided to examine the history of society as a case study to identify the factors behind the success story.

Table 16.0  
Comparative Income Statement of Karunagapally CVCS No. 3067  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	118,459.00	134,385.00	15,926.00	13.44
Less: Cost of Goods sold	77,250.00	86,100.00	8,850.00	11.46
<b>Gross profit/loss</b>	<b>41,209.00</b>	<b>48,285.00</b>	<b>7,076.00</b>	<b>17.17</b>
Less: Admin.expenses	46,256.00	39,001.00	(7,255.00)	(15.68)
Selling Expenses	90,457.00	110,337.00	19,880.00	21.98
Total Operating expenses	136,713.00	149,338.00	12,625.00	9.23
<b>Operating Profit/loss</b>	<b>(95,504.00)</b>	<b>(101,053.00)</b>	<b>(5,549.00)</b>	<b>5.81</b>
Add: Non-Operating income	0.00	0.00	0.00	0
<b>Net profit/ Loss</b>	<b>(95,504.00)</b>	<b>(101,053.00)</b>	<b>(5,549.00)</b>	<b>5.81</b>

The comparative income statement CVCS of Karunagapally reveals that there is an increase in gross profit and net loss for the year 2014-15. The increase in gross profit as well as the increase in net loss in the present year was the result of the proportionate change in the sales volume and operating expenses. The analysis result shows that the administrative expense, decreased and selling expense increased in the current year. The increase in the selling expense was due to the increase in the volume of sales.

Table 17.0  
Comparative Income Statement of Kattilkadavu CVCS No. 389  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	118,459.00	90,504.00	(27,955.00)	(23.60)
Less: Cost of Goods sold	77,250.00	123,931.00	46,681.00	60.43
<b>Gross profit/loss</b>	<b>41,209.00</b>	<b>(33,427.00)</b>	<b>(74,636.00)</b>	<b>(181.12)</b>
Less: Admin.expenses	46,256.00	183,663.00	137,407.00	297.06
Selling Expenses	90,457.00	0.00	(90,457.00)	(100.00)
Total Operating expenses	136,713.00	183,663.00	46,950.00	34.34
<b>Operating Profit/loss</b>	<b>(95,504.00)</b>	<b>(217,090.00)</b>	<b>(121,586.00)</b>	<b>127.31</b>
Add: Non-Operating income	0.00	1,359.00	1,359.00	0
<b>Net profit/ Loss</b>	<b>(95,504.00)</b>	<b>(215,731.00)</b>	<b>(120,227.00)</b>	<b>125.89</b>



The analysis shows that the sales activities has decreased (23.60 per cent) in the current year as compared to previous year 2013-14. The cost of goods sold in the present year shows an increasing trend (60.43 per cent) as compared to the previous year. This result has led to a reduction in gross profit (181.12 per cent) for the current year (2014-15). The net loss of the society has also increased in the current year as compared to previous year 2013-14 due to increase in the administrative expenses.

Table 18.0  
Common size Income Statement of Kozhikode CVCS No. 74  
for the year ended 2014-15

Particulars	Value Rs.	%
Sales	39,375.00	100.00
Less: Cost of Goods sold	47,867.00	121.57
<b>Gross profit/loss</b>	<b>(8,492.00)</b>	<b>(21.57)</b>
Less: Admin.expenses	143,726.00	365.02
Selling Expenses	3,000.00	7.62
Total Operating expenses	146,726.00	372.64
<b>Operating Profit/loss</b>	<b>(155,218.00)</b>	<b>(394.20)</b>
Add: Non-Operating income	0.00	0.00
<b>Net profit/ Loss</b>	<b>(155,218.00)</b>	<b>(394.20)</b>

The volume of administrative expense is the major contributor here to the mounting volume of loss. The volume of loss has increased to four times of the volume of sales.

The common size statement shows that the gross loss of the society was 21.57 per cent of sales. The net profit of the society was 394.20 per cent of sales value. The analysis reveals that this society was a non functional one because the volume of sales is marginal. An interesting factor to note here that the loss made by the society exceeds the total volume of revenue generated from sales. This means that even after payment of the entire revenue towards the expenses still they remain some surplus expenditure to be paid off. It is doubtful and logical to make efforts to revive the defunct unit alive.

Table 19.0  
Comparative Income Statement of Maruthurkulangara North CVCS No. 474  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	463,595.00	301,905.00	(161,690.00)	(34.88)
Less: Cost of Goods sold	563,180.00	445,157.00	(118,023.00)	(20.96)
<b>Gross profit/loss</b>	<b>(99,585.00)</b>	<b>(143,252.00)</b>	<b>(43,667.00)</b>	<b>43.85</b>
Less: Admin.expenses	156,395.00	121,985.00	(34,410.00)	(22.00)
Selling Expenses	19,854.00	16,043.00	(3,811.00)	(19.20)
Total Operating expenses	176,249.00	138,028.00	(38,221.00)	(21.69)
<b>Operating Profit/loss</b>	<b>(275,834.00)</b>	<b>(281,280.00)</b>	<b>(5,446.00)</b>	<b>1.97</b>
Add: Non-Operating income	4,429.00	1,952.00	(2,477.00)	(55.93)
<b>Net profit/ Loss</b>	<b>(271,405.00)</b>	<b>(279,328.00)</b>	<b>(7,923.00)</b>	<b>2.92</b>

The comparative income statement analysis reveals that both sales (34.88 per cent) and cost of goods sold (20.96 per cent) of the society has decreased in the current year (2014-15) as compared to the previous year. The society is running at a loss and all other operating expenses are proportionately decreased (1.97 per cent) in relation to reduction in the sales value. This society is functionary one as it has provided more number of working days (1320 in the current year) to the workers.

Table 20.0  
Comparative Income Statement of Pallikadavu CVCS No. 844  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	637,544.00	1,073,484.00	435,940.00	68.38
Less: Cost of Goods sold	576,113.00	963,149.00	387,036.00	67.18
<b>Gross profit/loss</b>	<b>61,431.00</b>	<b>110,335.00</b>	<b>48,904.00</b>	<b>79.61</b>
Less: Admin expenses	141,993.00	158,747.00	16,754.00	11.80
Selling Expenses	9,185.00	111,352.00	102,167.00	1112.32
Total Operating expenses	151,178.00	270,099.00	118,921.00	78.66
<b>Operating Profit/loss</b>	<b>(89,747.00)</b>	<b>(159,764.00)</b>	<b>(70,017.00)</b>	<b>78.02</b>
Add: Non-Operating income	66,061.00	19,126.00	(46,935.00)	(71.05)
<b>Net profit/ Loss</b>	<b>(23,686.00)</b>	<b>(140,638.00)</b>	<b>(116,952.00)</b>	<b>493.76</b>

The result of the analysis reveals that this society has made gross profit for the past two years. For the current year gross profit has increased to 79.61 per cent as a result of increase in sales value (68.38 per cent). The total operating expenses for the current year increased to 78.66 per cent as compared to previous year (2013-14). The increase in the net loss of the society for the current year was due to the increase in the volume of operations. This society has generated 4144 labour days in the current year and ranked as second in this regard, among the societies in Karunagapally circle. The increase in the volume of sales of the society is 68.38 percent and the increase in the volume of loss 493.76 percent. The increase in loss as compared to the increase in the volume of sales is alarming.

Table 21.0  
Comparative Income Statement of Prayar South CVCS No. 547  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	391,703.00	161,400.00	(230,303.00)	(58.80)
Less: Cost of Goods sold	303,396.00	188,039.00	(115,357.00)	(38.02)
<b>Gross profit/loss</b>	<b>88,307.00</b>	<b>(26,639.00)</b>	<b>(114,946.00)</b>	<b>(130.17)</b>
Less: Admin.expenses	211,848.00	79,621.00	(132,227.00)	(62.42)
Selling Expenses	86,300.00	7,000.00	(79,300.00)	(91.89)
Total Operating expenses	298,148.00	86,621.00	(211,527.00)	(70.95)
<b>Operating Profit/loss</b>	<b>(209,841.00)</b>	<b>(113,260.00)</b>	<b>96,581.00</b>	<b>(46.03)</b>
Add: Non-Operating income	21,897.00	0.00	(21,897.00)	(100.00)
<b>Net profit/ Loss</b>	<b>(187,944.00)</b>	<b>(113,260.00)</b>	<b>74,684.00</b>	<b>(39.74)</b>

The result of analysis shows that this society has made a gross loss in 2014-15 and gross profit in 2013-14. The current year's gross loss was the result of changes sales value as compared to previous year 2013-14. The percentage of cost of goods sold (38.02 per cent) and sales value were decreased (58.80 per cent) in the current year when compared to the sales value was decreased cost of goods sold and sales value of the previous year. There was decrease in the volume of net loss (39.74%) for the current year. This was due to the reduction in the volume of operation of the society. The labour days generated by this society (432) was nominal. This society is a dysfunctional one.

Table 22.0  
Comparative Income Statement of Puthumannelkadavu CVCS No. 874  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	817,831.00	625,350.00	(192,481.00)	(23.54)
Less: Cost of Goods sold	786,863.00	709,295.00	(77,568.00)	(9.86)
<b>Gross profit/loss</b>	<b>30,968.00</b>	<b>(83,945.00)</b>	<b>(114,913.00)</b>	<b>(371.07)</b>
Less: Admin.expenses	77,051.00	141,615.00	64,564.00	83.79
Selling Expenses	0.00	0.00	0.00	0
Total Operating expenses	77,051.00	141,615.00	64,564.00	83.79
<b>Operating Profit/loss</b>	<b>(46,083.00)</b>	<b>(225,560.00)</b>	<b>(179,477.00)</b>	<b>389.46</b>
Add: Non-Operating income	31,468.00	81,390.00	49,922.00	158.64
<b>Net profit/ Loss</b>	<b>(14,615.00)</b>	<b>(144,170.00)</b>	<b>(129,555.00)</b>	<b>886.45</b>

The comparative income statement analysis reveals that this society has generated gross profit in 2013-14 and gross loss in 2014-15. The current year's sales value (23.54 percent) decreased when compared to previous year. This has resulted to an enormous increase in gross loss of 371.07% in 2014-15. There is also an increase in the operating expenses of the society (83.79 per cent). The total number of labour days generated by this society is (2646), for the current year which denotes its operational efficiency. The increase in the volume of net loss (9 times) is unjustifiable. It is better to close this type of units rather than taking steps to revive it. The percentage of administrative expense to sales loan comes 23 percent. That is more than 1/5<sup>th</sup> of the sales revenue (unrealistic).

Table 23.0  
Comparative Income Statement of Thurayilkunnu CVCS No. 327  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	512,275.00	274,809.00	(237,466.00)	(46.36)
Less: Cost of Goods sold	627,633.50	405,222.00	(222,411.50)	(35.44)
<b>Gross profit/loss</b>	<b>(115,358.50)</b>	<b>(130,413.00)</b>	<b>(15,054.50)</b>	<b>13.05</b>
Less: Admin.expenses	0.00	0.00	0.00	0
Selling Expenses	12,700.00	10,860.00	(1,840.00)	(14.49)
Total Operating expenses	12,700.00	10,860.00	(1,840.00)	(14.49)
<b>Operating Profit/loss</b>	<b>(128,058.50)</b>	<b>(141,273.00)</b>	<b>(13,214.50)</b>	<b>10.32</b>
Add: Non-Operating income	0.00	0.00	0.00	0
<b>Net profit/ Loss</b>	<b>(128,058.50)</b>	<b>(141,273.00)</b>	<b>(13,214.50)</b>	<b>10.32</b>

The result of analysis shows that gross loss of the society has increased (13.05 per cent) in the current year and the operating loss of the society also increased proportionately (10.32 per cent) in the present year. Even though there is a decrease in the sales volume the net loss increased to the extent of 10.32 percent.

Table 24.0  
Comparative Income Statement of Vazhakoottathil kadavu CVCS No. 642  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	544,360.00	616,036.00	71,676.00	13.17
Less: Cost of Goods sold	691,441.80	709,912.00	18,470.20	2.67
<b>Gross profit/loss</b>	<b>(147,081.80)</b>	<b>(93,876.00)</b>	<b>53,205.80</b>	<b>(36.17)</b>
Less: Admin.expenses	198,114.00	229,728.00	31,614.00	15.96
Selling Expenses	8,990.00	9,833.00	843.00	9.38
Total Operating expenses	207,104.00	239,561.00	32,457.00	15.67
<b>Operating Profit/loss</b>	<b>(354,185.80)</b>	<b>(333,437.00)</b>	<b>20,748.80</b>	<b>(5.86)</b>
Add: Non-Operating income	5,157.25	13,563.25	8,406.00	162.99
<b>Net profit/Loss</b>	<b>(349,028.55)</b>	<b>(319,873.75)</b>	<b>29,154.80</b>	<b>(8.35)</b>

Table No. 25

Comparative Income Statement of Alappad Mannelkadavu CVCS No. 868  
for the year ended 2014 and 2015

Particulars	2013-14	2014-15	Net Increase/ Decrease	
			₹	%
Sales	742,689.00	181,196.00	(561,493.00)	(75.60)
Less: Cost of Goods sold	752,562.00	285,009.80	(467,552.20)	(62.13)
Gross profit/loss	(9,873.00)	(103,813.80)	(93,940.80)	951.49
Less: Admin.expenses	160,103.00	162,938.00	2,835.00	1.77
Selling Expenses	3,620.00	0.00	(3,620.00)	(100.00)
Total Operating expenses	163,723.00	162,938.00	(785.00)	(0.48)
Operating Profit/loss	(173,596.00)	(266,751.80)	(93,155.80)	53.66
Add: Non-Operating income	5,501.00	6,500.00	999.00	18.16
Net profit/ Loss	(168,095.00)	(260,251.80)	(92,156.80)	54.82

The analysis of income statement shows that society's net loss in 2013-14 was ₹ -168095 and ₹ -260251.8 in 2014-15. This shows the increase in the net loss per cent (54.82 per cent) in 2014-15. The sales activities are decreased (75.6 per cent) in the current year when compared to previous year 2013-14. Here also, it is observed that loss phobia discouraged the management to follow the policy of minimum level of operation.