



A STUDY ON PROBLEMS AND PROSPECTS OF EXPORT OF COIR INDUSTRY –A CASE STUDY

Dr. P. Krishnathulasimani* Mrs. Nirmala Sathish**

**Head and Associate Professor, Department of Economics, NGM College, Pollachi, India.*

***Assistant Professor, Department of Economics, NGM College, Pollachi, India.*

Abstract

The structure of the coir industry in recent years has undergone drastic changes and it brought the changes in the pattern of exports and also in the product mix. From being merely a fibre and yarn exporter, India has become an exporter of value-added goods. This has, in turn, brought about a major shift in the total volume and value of exports. Though the coir industry and its export is in progression, it appears to be suffering with number of irregularities, complexities and inadequacies. The studies conducted earlier by experts and researchers concentrated mainly on modernization and trade, mechanization, employment aspects, etc. This warrants a need to analyse the problems and prospects of export of coir industry in Coimbatore District of Tamil Nadu. The objectives of the present study are to analyse the present status, and problems of coir units, factors influencing the buyers to buy export products and make suitable suggestions.

The study is mainly based on the primary data which was collected through a well structured questionnaire. Two hundred and forty units were selected through random sampling method and statistical tools like percentage, Garret Ranking etc., has been used for the analysis. The important findings of the study are: majority of the coir units do not having any knowledge about export process, price is the most important factor in all exportable products which influence to buy, majority of the coir units export their products to Asian countries, Sri Lanka, Indonesia and China are the major competitors, majority of the respondents suggested that they need more concessions and marketing facilitates and they are satisfied with the working performance of Coir Board. The study has also suggested suitable policy measures for further improvement of coir units and its export in future.

INTRODUCTION

Indian coir industry is an important cottage industry contributing significantly to the economy of the major coconut growing states and union territories, i.e., Kerala, Andhra Pradesh, Karnataka, Maharashtra, Goa, Orissa, Assam, Andaman and Nicobar, Lakshadweep, Pondicherry, etc. India is the premier coir producing country in the world earning foreign exchange to the tune of over Rs. 600 crores annually by way of export of coir and coir products. Kerala accounts for 75 per cent of the total production of coir; Karnataka, Tamil Nadu, Andhra Pradesh, Orissa, Goa, Maharashtra and West Bengal share the remaining 25 per cent. The coir industry in India is undergoing rapid modernization that has accelerated the production of coir yarn in primary sector. The excess fibre is now utilized for the production of value-added products like poly coir geo-textiles, which present immense export potential.

The Indian coir industry are strongly oriented towards exports since its early days when the trade was dominated by European business enterprises. With the arrival of Independence, the trade fell into Indian hands. This is the turning point in the history of the coir industry in India. The structure of the industry has undergone drastic changes and it brought the changes in the pattern of exports and also in the product mix. From being merely a fibre and yarn exporter, India has become an exporter of value-added goods. This has, in turn, brought about a major shift in the total volume and value of exports.

STATEMENT OF THE PROBLEM

Coir industry is one of the traditional foreign exchange earners of the country and it occupies an important and unique place in world market with the infrastructural facilities available in the state and the strong support from the government. Recently, the coir industry has undergone an unprecedented expansion covering all aspects beyond its traditional purview. Though the coir industry and its export is in progression, it appears to be suffering with number of irregularities, complexities and inadequacies. It has become essential that the research work should be carried out more deeply into strategies and problems both at macro level and micro level covering coir industry as a whole in general, export in particular in Coimbatore District of Tamil Nadu State. The studies conducted earlier by experts and researchers like Unnithan (1970), Pylee (1975), Issac (1992), Nair (1997),



Research Paper

Rajendran (2003) etc., concentrated mainly on modernization and trade, mechanization, employment aspects, etc. From the related literature reviewed pertaining to coir sector, the researcher could also find only a few studies that have attempted to analyze the problems and export of the coir industry in the district. This warrants a need to analyse the problems and prospects of export of coir industry in Coimbatore District of Tamil Nadu.

OBJECTIVES

1. To analyse the present status of export of coir units in Coimbatore district.
2. To examine the problems faced by the coir exporting units.
3. To analyse the factors influencing the buyers to buy export products.
4. To make suggestions based on the outcome of the study.

METHODOLOGY

The study is mainly based on the primary data which was collected through a well structured questionnaire. Two hundred and forty units were selected through random sampling method. In the study, the problems and prospects of export of coir industry has been analysed by using various statistical tools like percentage, Garret Ranking etc. The study has covered the cottage industrial sector which is providing more employment to the rural poor in general women in particular.

ANALYSIS AND INTERPRETATION

India is one of the top producers and exporters of coir in international market. The Indian coir products are in great demand in the international market because of their special attributes like fitness, price, craftsmanship, quality, attractiveness and eco-friendly, biodegradable renewable natural resources, non-pollutant, etc., and usage of the product is up to the expected level when compared to plastic and other environment pollutant item. India is one of the leading producers and exporters of coir yarn, coir mats, mattings, curled coir, rope, rubberized products, geo-textile, coir pith and rugs to world market. In the present study analysed the reasons for not doing exports, major exporting countries, factors influencing the buyers to buy exportable items, major competitors, problems faced by exporting units, suggestions, performance of Coir Board, etc., and found the following results.

Most of the respondent units do not export directly. Among the total respondent units 26.7 per cent of the units have small quantity of production and 31.1 per cent of units do not have any knowledge about export process. Owing to high tariff, 8.9 per cent are not willing to export their products. Therefore, the study concludes that the majority of the respondents do not have any knowledge about export process.

The study revealed that 13.3 per cent of exporting respondent units export their products to the USA, 23.3 per cent of respondent units export to the European Union (EU) Countries, 26.7 per cent of respondent units are to China and 36.7 per cent of respondent units export to Asian Countries. Majority of the exporters export their products to Asian Countries.

Analysis of Factors Influencing the Buyers to Buy Export Product Using Garrett's Ranking Technique

There are some selected factors which influence the buyers to buy the export products are price, quality, quantity and delivery. These are given to respondents for ranking the factors as 1, 2, 3, 4, 5 and 6 for the reasons to choose the coir product. Garrets's Ranking Technique has been employed in order to analyse the factors which influence buyer to choose coir product. By referring to the Garrett's table, the per cent position is converted into scores. Then for each factor, the scores of each individual are added and then mean value is calculated. The factors having highest mean value is considered to be the most important one. Scale value as per Garrett's ranking technique for first to six ranks is as: 77, 64, 55, 46, 37 and 23. The percentage position of each rank is made into score by referring to factors and it is summed up for assigning rank. The total score and mean score also have been given in the table. Based on the mean score, the overall ranks are assigned for each. The ranking analysis of the factors which influence the buyer to buy the export product through Garrett's Ranking Technique is shown in the following table.



Table – 1, Factors Influence the Buyers to Buy the Export Products

Reasons	1 (77)	2 (64)	3 (55)	4 (46)	5 (37)	6 (23)	Total No of Respondents	Total Score	Mean Score	Rank
Price	70	78	38	18	10	26	240	14268	59.45	1
	5390	4992	2090	828	370	598				
Quality	62	50	64	38	16	10	240	14064	58.60	2
	4774	3200	3520	1748	592	230				
Variety	18	12	20	48	68	74	240	9680	40.33	6
	1386	768	1100	2208	2516	1702				
Brand Name	12	26	36	54	58	54	240	10440	43.50	4
	924	1664	1980	2484	2146	1242				
Quantity	46	70	48	40	20	16	240	13610	56.71	3
	3542	4480	2640	1840	740	368				
Delivery	32	4	34	40	70	60	240	10400	43.33	5
	2464	256	1870	1840	2590	1380				

Source: Primary Data

The above table depicts the factors which influence the buyers to buy the export products. Garrett’s Ranking Technique based on mean scores is found that Price (59.45) is the important reason to buy coir products, followed by Quality (58.60), Quantity (56.71), Brand Name (43.50), Delivery (43.33) and the least importance is given to Variety (40.33).

Major Competitors and Problems Faced by the Respondent Units

The table 2 states that 46.7 per cent of exporting respondent unit considers that their main competitor is Srilanka, 20 per cent of respondents think that Indonesia and 33.3 per cent of respondent units consider that China is their competitive countries. There is no respondent who comes under category of others. The table shows that Sri Lanka is a main competitor for major respondent units.

Table – 2, Major Competitors of Exporting Respondent Units

Countries	Frequency	Percentage
Sri Lanka	28	46.7
Indonesia	12	20.0
China	20	33.3
Others	-	-
Total	60	100.0

Source: Primary Data

The following table shows that all the respondent units are facing some problems in export. Among them, 13.4 per cent of respondent units are facing the problem of inadequate raw material supply, 33.3 per cent are facing the problem of high competition, 23.3 per cent are facing poor quality as problem and 30 per cent facing the problem of high price. Most of the exporting units are facing heavy competition from competitive countries.

Table – 3, Problems Faced by Exporting Respondent Units

Problems	Frequency	Percentage
Inadequate raw material	8	13.4
High competition	20	33.3
Poor quality	14	23.3
High price	18	30.0



Others	-	-
Total	60	100.00

Source: Primary Data

Suggestions to Overcome the Problems of Export

The export respondent units have suggested some measures in order to overcome the problems of export. They are 1) increasing production 2) introduction of new innovative products 3) setting high standards for quality and 4) more concessions from the government.

Table – 4, Suggestions to Overcome the Problem of Export

Suggestion	Frequency	Percentage
Increasing production	10	16.7
New innovative products	8	13.3
Setting high standards	18	30.0
Concessions	24	40.0
Total	60	100.0

Source: Primary Data

From the above table it is clear that 16.7 per cent of the respondent units have suggested to increase production, 13.3 per cent have suggested to introduce new innovative products, 30 per cent of the respondent unit have suggested that setting up high standards is essential and 40 per cent have suggested more concessions from the government to overcome all the problems related to export.

Performance of Coir Board

Coir Board provides different type of services to the coir units for improvement of production and export. They are ideas for further improvement in production, quality, export, marketing, etc., and also training to exporters, trade fairs and exhibition, etc.

From the table, it is clear that 30 per cent of respondent units are getting ideas, 14.2 per cent are utilising export training and 49.2 per cent are participating exhibition and trade fairs of Coir Board, and 6.6 per cent of respondent units comes under other category.

Table – 5, Performance of Coir Board in the Development of Respondent Units

1.Services	Frequency	Percentage
Provides ideas	72	30.0
Training to exporters	34	14.2
Conducting exhibition & trade fairs	118	49.2
Others	16	6.6
Total	240	100.00
2.Level of satisfaction with Coir Board		
Satisfied	142	59.2
Not Satisfied	98	40.8
Total	240	100.00

Source: Primary Data

The above table shows that 59.2 per cent of respondents are satisfied with the performance of Coir Board whereas 40.8 per cent are not satisfied with the performance of Coir Board.



Type of Concessions

Table – 6, Type of Concessions Expecting from the Government

Expecting Concessions	Frequency	Percentage
New innovative product	38	15.8
Tax concessions	32	13.3
Marketing facilities	64	26.7
Technical training	48	20.0
Subsidy	24	10.0
Others	34	14.2
Total	240	100.0

Source: Primary Data

Respondent units expect many concessions from the government for their industrial development. Among them 15.8 per cent of units reveals that they require new innovative products in coir, 13.3 per cent units expect some tax concessions, 26.7 per cent require marketing facilities, 20 per cent needs technical training and 10 per cent wants subsidy. Majority of the respondents requires marketing facilities for their products.

FINDINGS OF THE STUDY

1. In the analysis reasons for not doing exports observed that, majority of the coir units do not having any knowledge about export process followed by poor quality and high tariff.
2. Price is the most important factor in all exportable products which influence to buy followed by quality, quantity and delivery.
3. Majority of the coir units export their products to Asian countries.
4. Sri Lanka, Indonesia and China are the major competitors for respondent units.
5. Majority of the respondent units are facing the problem of high competition followed by high price, poor quality and inadequate raw material supply during their export.
6. Majority of the respondents suggested that they need more concessions from the Government and set high standards for their products to overcome the problems of export.
7. Majority of the respondents are satisfied with the working performance of Coir Board.
8. For coir unit's development, majority of the respondents expect marketing facilities followed by technical training, new innovative products, tax concessions and subsidy from the Government.

SUGGESTIONS FOR FURTHER IMPROVEMENT OF COIR UNITS AND ITS EXPORTS

Based on this study the following measures are suggested for development of coir units and export promotion in future.

- Introduction of new innovative products/designs and improvement of quality of the products through new technology.
- Provision for uninterrupted electricity which leads to maximum production and compete in international market.
- Frequent seminars/workshops on the latest trends and value addition possibilities in local languages at coir producing centers.
- There is a need to disseminate information on international markets, price behaviour and other trade matters to fibre producer for their betterment.
- Export oriented training to be provided by Coir Board.
- International marketing guidance to be provided periodically.
- The Central Coir Research Institute helps to develop research on natural colouring, it will help in ensuring eco-friendly products, which are in great demand in foreign countries.
- The Central Government, State Governments, Coir Board and NGOs should take necessary steps to increase the coir and coir products export from India by improving the quality of coir products with International standards, and also conduct export campaign.



Research Paper

- The Coir Board has sought higher allocation in the Indian budget to overcome the prevailing economic slowdown and the resultant impact on coir product exports, and the Board has taken a few steps to achieve that.

CONCLUSION

The coir industry in Tamil Nadu has created a major impact on the economy of the state. The use of coir as a renewable resource provides work to the rural poor and important export revenue. Coir, being a natural fibre that is environment friendly in the strictest sense of the term, is now seen as the fibre of the future. The eco friendly quality of coir will help it to hold its ground even as it battles competition from synthetic fibres. The concentrated efforts of the Coir Board to strengthen the export markets through increased participation in foreign trade fairs, conduct of market study, undertaking generic publicity promotional efforts through various embassies etc., have helped the coir products to expand its global market. A further development of the industry can pave the way for substantial progress in the economic conditions of rural people, which ultimately will lead to their welfare and development.

REFERENCES

1. Karunakaran, K.C., (1945), "Report of the Special Officer for Enquires on the Working of Coir Co-operatives in the Kerala State Under the Coir Development Scheme", Government of Kerala, Thiruvananthapuram, pp: 4.
2. Theyyanni Menon, C.A., (1959), "Report of the Special Officer for Enquires on the Working of Coir Co-operatives in the Kerala State under the Coir Development Scheme", Government of Kerala, Thiruvananthapuram..
3. Government of India (1973), "Report of the Force on Coir Industry", Planning Commission, New Delhi.
4. Alexander J., (1976), "Coir Industry of India and Export Markets", Journal of Industry and Trade, October, pp: 15-18.
5. Varkey V.O., (1981), "Development and Working Coir Co-operatives in Kerala", Ph.D., Thesis submitted to the University of Pune, Pune.
6. Government of Kerala (1986), "Report of the Survey on Production and Consumption of Coir and Coir Products in Kerala", Department of Economics and Statistics, Kerala.
7. Ajith Kumar P., (1987), "Home Market of Coir", Coir News, 31(1), Coir Board, January, pp: 9-11.
8. Gopalan Nair (1987), "Role of Co-operatives in Improvement of Technology and Quality in Coir Industry", Kerala Industry, 34(8), January, pp: 23-27.
9. Government of Kerala (1990), "Status of Coir Industry", Kerala State Planning Board, Kerala.
10. Government of Kerala (1990), "Report on Coir Worker's Census in Kerala", Department of Economics and Statistics, Kerala.
11. Government of India (1994), 'Survey of Coir Industry in Tamil Nadu', Government of Tamil Nadu and Coir Board, Kochi.
12. Ajith Kumar P., (1995), "Marketing Coir and Coir Products", Souvenir, Department of Coir Development, Thiruvananthapuram, pp: 43-49.
13. Kerala Statistical Institute (1997), "Survey of Coir Industry in Kerala", Kerala.
14. Kutty V.K.K., (1997), "Marketing Strategy for Promoting Sales of Coir Products", Coir News, 28(1), Coir Board, January, pp: 21-24.
15. Christy (2000), Paper Presented at the XXXVII Cocotech 2000, held at Chennai.
16. Gandhi. G.N., (2001), "Export of Coir Products in the Emerging International Business Scenario", Paper presented at the International Seminar on Coir, Coir Board, Kochi, October 11-13.
17. Sugunendran K., (2007), "Coir Industry – Road to Growth", Indian International Coir Fair, Souvenir, Coir Board, Ministry of MSME, Government of India, pp. 45.
18. Dutta R.K. and Venkatappa Rao. G., (2008), "Potential of Coir Based Products as Soil Reinforcement", International Journal of Earth Sciences and Engineering, November, pp: 71-79.
19. Ganesh B. and Dr. Sasidharan K., (2008), "The Golden Fibre Value Improved", Kerala Calling, November, pp: 26-39.
20. Kumaresan A., (2009), "Coir Exports: on the Growth Path", Facts for You, 30(1), October.



Research Paper

21. Dr. Seeni Kamal M., (2009), “Coir Products and Their Process in Tamil Nadu”, *Kisan World*, 36(8), August, pp: 20-21.
22. Nagaraja G., (2011), “Export of Coir and Coir Products from India”, *International Journal of Research in Commerce, Economics and Management*, 1(6), October, pp: 109-111.
23. Shanmugapriya B., Saranya and Abinaya S., (2011), “Coir Industry – Opportunities and Challenges”, *Kisan World*, May, pp: 37-39.
24. Chennakrishnana P., (2012), “Coir Production and its Export”, *Kisan World*, 39(3), March, pp: 14-19.
25. Paramanandham J., and Ronald Ross P., (2012), “Quantification Based Questionnaire Survey on Coir Industries in Cuddalore District, Tamil Nadu”, *International Journal of Environmental Biology*, 2(3), pp: 113-114.
26. Nagaraja Guruvappa (2013), “Coir Industry in India: Trends, Prospects, Marketing and Problems”, LAPMBERT Academic Publishing, Germany.
27. Ramamurthy K., Brindha G. and Kanimozhi K., (2013), “Coir Industry Needs to Reinvent Itself”, *Facts for You*, 33(4), January, pp: 25-28.
28. Samsai T. and Mahendran K., (2014), “An Economic Analysis of Production Performance of Coir Fibre Industry in Western Region of Tamil Nadu”,.