



## A Study on Financial performance of coir industry in India

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**Abstract:** The history of coir industry in the world shows that the origin of modern coir industry was in England. Nearly 175 years before, three partners of a London carpet firm registered their patents for the manufacture of coir fibre in various fabrics suitable for floor covering. Coir industry in India had a very long and glorious past. It continues to play a prominent role in the national economy of India. "Return to nature" concept has now brought intensive affinity for coir and coir products all over the world. The exports of coir and coir products have touched an all-time high record during the year 2015-16 by exporting 752020 MTs. Coir export earnings of Rs. 80405.21 crore in 2009-10 and it was increased to Rs. 190142.52 in 2015-16. About 103 countries imported coir and coir products from India.

**Key words:** Coir export, performance, export of coir

### Introduction

An attempt is made in this chapter to present the performance of coir industry in India. It covers global coir production scenario, trend and growth rate of world coir production, production of coir during pre-independence period and coir industry under plan periods in India, growth of coir units during 2000-2016 in India, state-wise distribution of coir units in India, distribution of coir units in southern India, trends in production of coir in India, trends in item wise coir products in India, trends in coir production among major coir producing states in India, trends in export of coir and coir products and trends in export value of coir and coir products.

### Worldwide coir production

Coir is produced in eighty countries in Asia and Pacific regions. However, India, Sri Lanka, Thailand, Indonesia, Philippines, Malaysia, Vietnam etc. contribute 87 percent of the world production. Coir is manufactured only in few countries of the world. India, Sri Lanka, Thailand, Malaysia, Philippines and Indonesia are the important coir-producing countries of the globe.

The trend in world production of coir is shown in Table 1. The highest production was 1042.99 thousand tonnes in 2000-01 and 954.29 thousand tonnes in 2009. The world coir production has shown a negative trend excepting during the years 2003-04, 2007-08, 2008-09 and 2009-10. The



periods which witnessed positive trends showed increased production of 39.87 thousand tonnes, 22.51 thousand tonnes, 18.85 thousand tonnes and 6.35 thousand tonnes respectively over their immediate preceding years. The highest negative growth was registered in 2001-

02 with 5.69 per cent over the previous year and highest positive growth was recorded by 9.09% in 2014-15. The substantial decline in the world trade of coir and coir products is due to stiff competition from synthetic and other natural fibres.

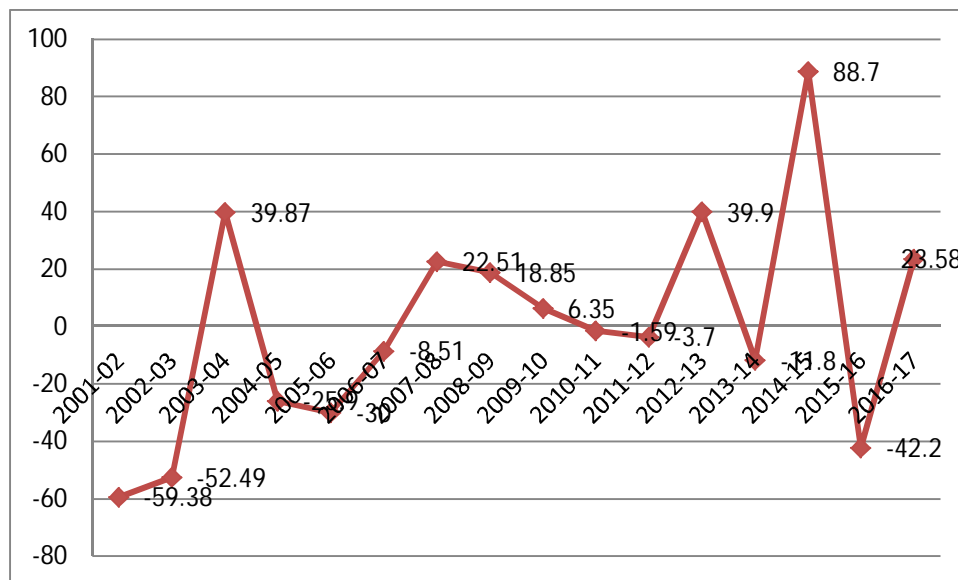
Table 1: World Coir Production, (2000-01 to 2016-17) (in thousand metric tonnes)

Year	Production (in tonnes)	Increase/ Decrease	Percentage Increase/ Decrease
2000-01	1042.99	-	-
2001-02	983.61	-59.38	-5.69
2002-03	931.12	-52.49	-5.34
2003-04	970.99	+39.87	+4.28
2004-05	945.09	-25.90	-2.67
2005-06	915.09	-30.00	-3.17
2006-07	906.58	-8.51	-0.93
2007-08	929.09	+22.51	+2.48
2008-09	947.94	+18.85	+2.03
2009-10	954.29	+6.35	+0.67
2010-11	952.7	-1.59	+0.17
2011-12	949.0	-3.70	-0.39
2012-13	988.9	+39.9	+4.20
2013-14	977.1	-11.80	-1.19
2014-15	1065.8	+88.70	+9.09
2015-16	1023.6	-42.20	-3.96
2016-17	1047.18	+23.58	+3.46

Source: FAO Statistics, 2017



Figure 1: Trends in World Coir Production



### Coir Production in India

Coir industry in India is an important cottage industry contributing significantly to the economy of the major coconut growing States and Union Territories, i.e., Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra, Goa, Orissa, Assam, Andaman & Nicobar, Lakshadweep, Pondicherry. India is the largest coir producer in the world accounting for more than 80 percent of the total world production of coir fibre. The coir industry in India is very diverse and includes households, co-operatives, NGOs, manufacturers and exporters. The coir industry employs more than seven lakh persons of whom a majority is from the rural areas belonging to the economically

weaker sections of the society. "Coir" is a household word in the state of Kerala. It started its journey on the sands of the seashore villages of the state and continues to hold its grip over her till date. It would be difficult to date exactly the beginning of coir yarn and rope production on the Kerala coast, but the activity received a major boost during the sixteenth century. The second phase of coir expansion in coir production occurred in the nineteenth century with the entry of the British trading capital. The power loom mats and matting, coir rugs, coir geo-textiles, carpets, coco lawn and other coir products produced by the coir factories of India are in great demand all over the world. They are being found nowadays decorating the walls and floors of the houses and



corridors of business establishments in countries like the United States, England, Western Europe and Latin America. The fascinating story of coir is narrated in the present chapter passing through two periods, viz: the pre-independence period and the post-independence period.

After independence, the Government of India wanted to make the Nation industrially strong and vibrant. Concerted and consistent efforts were made especially through the Five Year Plans. The development of village and small industries was one of the key

<sup>1</sup>. The number of export of coir products also rose to 6 from 2. The development of coir industry in India began in an organised way only since 1959. The survey in 1960 showed that there were a further 100 coir units set up and the total exports of coir and coir products was 358474 tonnes during this plan period.

The Third Five Year Plan witnessed increased financial assistance provided by the Government of India, which stood at Rs.3.0 crores, though financial difficulties were noticed during this period. In the three annual plans of 1966-67, 1967-68 and 1968-69, Rs.2 crores was spent on the development of coir industry. The exports of coir and its products for the whole plan period was 3,24,500 tonnes and 5,63,445 metric tones respectively.

programmes under the Five Year Plans. The Government launched major schemes and extended financial assistance for the growth of the promising village coir industry.

The performance of coir industry during the Second Five Year Plan was considerable after the establishment of the Coir Board. In this plan Rs.1.7 crores was earmarked for the industry. A record number of coir units-929 with 10992 looms- was established in 1958

Under the Fourth Five Year Plan, Rs.53 crores was allotted for the development of the Industry. The major objective of the fourth plan was to improve progressively the production techniques of coir so as to enable the owners of the coir industry to produce quality goods and to bring them to a viable level to promote decentralisation and dispersal of coir units. Rapid growth of units was a significant feature during the plan period. The number reached by the coir industry stood at 2448 and the industry achieved a coir production of 600000 tonnes<sup>2</sup>.

The progress in the Fifth Plan showed that the production of coir and its products increased to 353740 tonnes and the exports rose to 2,08,985 tonnes. It was the outcome of the operation of 2,673 coir units. The Fifth Plan allocated a sum of Rs.15.5 crores for the development of the industry<sup>3</sup>.



Having fixed the growth rate of 10 per cent for coir fibre, the Coir Board estimated the requirement of white and brown fibre at 7,25,212 tonnes for the three years 1985 to 1988 in the Seventh Five Year Plan period. Due to rapid increase in the internal consumption of coir, almost the entire production of fibre was consumed in India, mostly for the spinning of coir yarn. Therefore exports were negligible<sup>4</sup>. The Seventh Plan provided Rs.39 crores for the development of the industry. During the Eighth Five Year Plan, the production of coir was 6, 11,300 metric tonnes, registering an increase of 40 per cent

over the plan period<sup>5</sup>. These industries used modern technology and produced a large variety of coir goods ranging from traditional goods to most sophisticated items like coir geo-textiles and coir pith plus.

#### **Growth of Coir Units during 2000-2016 in India**

The rapid expansion of coconut cultivation in non-traditional areas increased the availability of coconut husk which acted as a boost for starting new units. Large numbers of units were started in Co-operative, Private and Public sectors. The growth and number of coir industries during the period under study is presented in table 2.

Table 2: Growth of Coir Units in India

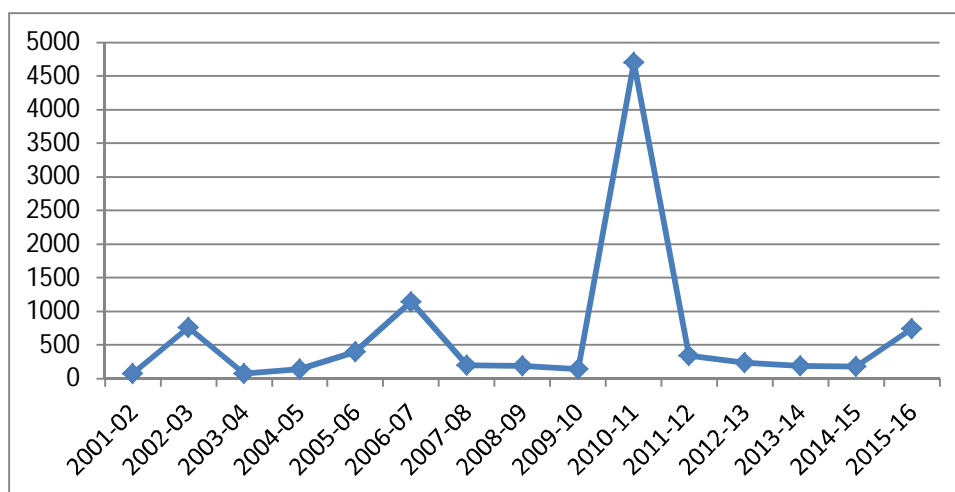
Year	Number of Units	Increase /Decrease	Percentage
2000-01	6456	--	--
2001-02	6531	75	1.16
2002-03	7295	764	11.70
2003-04	7372	78	1.06
2004-05	7541	144	2.29
2005-06	7938	397	5.26
2006-07	9078	1140	14.36
2007-08	9273	195	2.15
2008-09	9458	185	2.00
2009-10	9597	139	1.47
2010-11	14300	4703	49.00
2011-12	14637	337	2.36
2012-13	14874	237	1.62
2013-14	15060	186	1.25
2014-15	15235	175	1.16
2015-16	15976	741	4.86
Mean	10663.81	-	-
SD	3618.18	-	-
CV	33.93	-	-



CAGR	14.36	-	-
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Source: Annual Report of Coir Board, Coir Board, Kochi.

Figure 2 : Growth of Coir Units in India



It could be seen from table 2 that there was a steady increase in the number of coir units' setup in India except during the periods 2002-03, 2005-06 and 2006-07 where the increase of units was abnormal. The number of units had increased to 9078 in 2006-07 from 15976 in 2015-16, the annual growth being 14.36 per cent. The higher rate of growth might be due to the extensive cultivation of coconut besides the concerted efforts taken by the Coir Board and the respective state governments.

As a result the coir industry has come up in a big way in Tamil Nadu, Andhra Pradesh, Karnataka, Orissa, West Bengal and Assam<sup>vi</sup>. The next highest increase in the number of coir units was noticed in 2002-03, which had the annual growth of 11.70 per cent,

when compared to the previous year. It was due to the Government of Kerala, which started 100 and more defibring mill units under the Integrated Coir Development Project so as to provide more days of employment to workers and also to solve the fibre scarcity in yarn making societies in the state. Further, 81 coir units were also set up in the four districts of Andhra Pradesh<sup>vii</sup>. During the year 2009-10, the increase was marginal. This was mainly due to 40.2 per cent of the coir units in the state of Orissa becoming defunct in the post-super cyclone period<sup>viii</sup>.

The annual growth of coir units was recorded by minus 0.68 per cent during the study. Meanwhile, the coefficient of variation during the study was 33.93%.



#### 4.6. State-wise Distribution of coir Units in India:

India has made noticeable progress in coir industry over the years by starting coir units in almost all of its states. The State-wise distribution of coir units in 2015-16 is given in Table 3.

Table 3: State-wise distribution of coir units

S. No	State	No. of Units	Percentage
1.	Kerala	9108	74.03
2.	Tamil Nadu	4150	13.13
3.	Maharashtra	23	0.19
4.	Orissa	875	4.82
5.	West Bengal	50	0.24
6.	Northern Eastern Region	55	0.32
7.	Pondicherry	31	0.07
8.	Goa	4	0.03
9.	Gujarat	5	0.01
10.	Andaman & Nicobar	1	0.01
11.	Lakshadweep	16	0.16
12.	Rajasthan	4	0.04
13.	Haryana	2	0.02
14.	Andhra Pradesh	910	3.18
15.	Punjab	5	0.05
16.	Karnataka	698	3.32
17.	Uttar Pradesh	17	0.15
18.	Madhya Pradesh	3	0.03
19.	Delhi	17	0.18
20.	Jammu & Kashmir	2	0.02
	Total	15976	100.00

Source: Annual Reports of Coir Board, Coir Board, Kochi, 2015-16.

It is clear from Table 4.6 that the states of Kerala and Tamil Nadu have the maximum number of coir units in India. The highest number of units, (9108) is found in Kerala and the lowest (1) in Gujarat. Kerala state, the "Home of Coir in India", continues to enjoy the leading position till date. The State of Kerala

stands with the largest share of 74.03 per cent followed by Tamil Nadu with 13.50 per cent in 2015-16.

#### 4.7. Trends in Production of Coir in India

In India the coir industry started and flourished in Kerala, which has a long



coast line, lakes, lagoons and backwaters providing natural conditions required for carrying out retting process. The industry has also picked up in Tamil Nadu, Karnataka, Tripura, Pondicherry and the union territories of Lakshadweep and Andaman and Nicobar Islands. Being tough and naturally defiant to seawater, coir guards the fruit sufficiently endure months of fleeting on ocean currents to be washed up on a sandy shore, where it may bud and mature into a tree, since all the extra nutrients it requires have been passed along the seed. This uniqueness

makes the thread fairly functional in floor and outdoor mats, aquarium filters, cordage and rope and garden mulch. Coconut husk is the basic raw material for coir products and only 50 per cent of the husk is used as fuel in rural areas. Hence there is a lot of scope for the growth of coir industry. This renewable resource is under-utilized as the local coir mills process only a fraction of the available husk which accrues around the year as a waste during coconut processing. The Production of coir products in India are given in table 4.

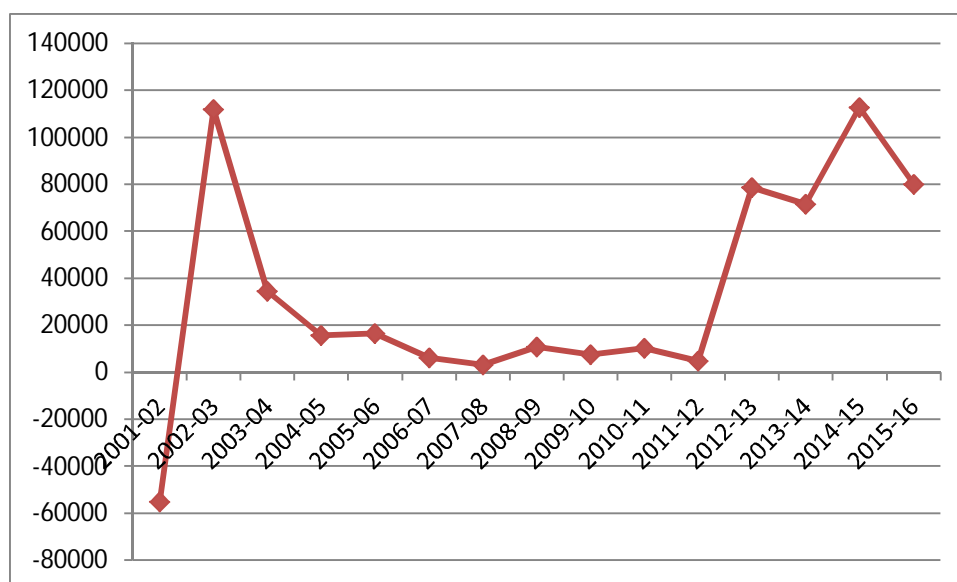
Table 4: trends in Production of Coir and Coir Products in India (in Million Tonnes)

Year	Production	Increase/decrease	Trend values
2000-01	356000	-	-
2001-02	311220	-55220	-12.78
2002-03	423165	111945	12.65
2003-04	457682	34417	12.96
2004-05	473247	15565	13.03
2005-06	489706	16458	13.10
2006-07	495765	6060	13.11
2007-08	498963	3198	13.12
2008-09	509874	10911	13.14
2009-10	516476	7602	13.15
2010-11	526790	10214	13.17
2011-12	531500	4710	13.18
2012-13	610000	78500	13.35
2013-14	681420	71420	11.71
2014-15	794180	112760	16.55
2015-16	874125	79945	10.07
Mean	534382.1	-	-
SD	145967.7	-	-
CV	27.32	-	-
CAGR	2.14	-	-





Figure 3: Trends in Production of Coir and Coir Products in India



It is found from the table that the production of coir was 356000 million tonnes in 2000-01 and increased to 874125 million tonnes in 2015-16. The mean production during the study was 534382 million tonnes. The growth rate was 2.14 per cent and the CV was 27.32%.

#### Financial performance of coir industry of India

Table 5 gives the details on export value of Coir and Coir Products during 2009-10 to 2015-16. Coir export earnings of Rs. 80405.21 crore in 2009-10 and it was increased to Rs. 190142.52 in 2015-16. Similarly coir fibre with an export of Rs.417.67 all other value added

items put together constitutes 41% of the total export earnings of the country.

#### Conclusion

An attempt is made in this chapter to present the performance of coir industry in India. The history of coir industry in the world shows that the origin of modern coir industry was in England. Coir is produced in eighty countries in Asia and Pacific regions. However, India, Sri Lanka, Thailand, Indonesia, Philippines, Malaysia, Vietnam etc. contribute 87 percent of the world production. In India, Coir industry in India is an important cottage industry contributing significantly to the economy of the major coconut growing States and



Union Territories, i.e., Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra, Goa, Orissa, Assam, Andaman & Nicobar, Lakshadweep, Pondicherry. India is the largest coir producer in the world accounting for more than 80 percent of the total world production of coir fibre. The annual growth is being 14.36 per cent. The states of Kerala and Tamil Nadu have the maximum number of coir units in India. The production of coir was 356000 million tonnes in 2000-01 and increased to 874125 million tonnes in

2015-16. The employment was recorded at 3.98 lakh in 2000-01 and increased to 7.22 lakh in 2015-16. The exports of coir and coir products have touched an all-time high record during the year 2015-16 by exporting 752020 MTs. Coir export earnings of Rs. 80405.21 crore in 2009-10 and it was increased to Rs. 190142.52 in 2015-16. About 103 countries imported coir and coir products from India. The analysis shows that there is a significant contribution in spreading of coir units and export contribution.

**Table: 5: Export value of Coir and Coir Products** (Value in Rs. Lakhs)

Product name	2009-2010	2010 - 2011	2011-2012	2012-2013	2013 -2014	2014- 15	2015 -16
Curled coir	668.33	1056.52	3171.90	2112.46	2947.93	3732.00	2510.07
Coir fibre	9742.03	12148.55	20323.98	20707.66	32878.11	41923.34	41767.11
Coir rugs	45.38	826.22	185.55	133.37	105.99	146.10	282.5
Coir pith	12347.06	14829.02	22150.70	24727.61	34173.23	43295.24	68808.56
Coir rope	165.92	86.72	340.99	282.41	390.17	391.92	396.61
Coir other sorts	28.52	35.84	68.75	39.33	163.13	85.79	94.79
Coir yarn	2461.21	2685.34	3140.70	2387.22	2848.26	3000.89	2820.82
Geo- textiles	2023.77	1823.05	2433.12	2628.74	3503.78	3270.28	3531.72
Handloom mats	25428.01	21525.80	23545.00	22810.10	23623.82	1835.28	1968.78
Handloom matting	1425.28	1244.72	1582.83	1702.76	3353.91	23946.91	22279.96
Power loom mats	2.03	0.00	24.56	3.15	278.36	225.25	367.35
Power loom Matting	3.04	0.00	0.00	0.00	0.00	43.93	26.48
Rubberised coir	713.39	476.89	549.80	495.02	1560.76	1410.88	971.74
Tufted mats	25351.24	23968.41	27745.26	33572.91	41776.39	39725.96	44316.03
<b>Total</b>	<b>80405.21</b>	<b>80707.08</b>	<b>105262.54</b>	<b>111602.74</b>	<b>147603.84</b>	<b>163033.77</b>	<b>190142.52</b>

Source: Annual reports of coir board, 2015-16

## References

<sup>1</sup> K. Bhaskaran Unnithen, Op.cit., p.13.

<sup>2</sup> India's Production, Exports and Internal Consumption of Coir and Coir Goods", Coir Board, Kochi, 1972, p. 24.



<sup>3</sup> Y. Gangi Reddy, Growth Performance of Village and Small Industries, Journal of Rural Development, Vol.8, No.4, p.403.

<sup>4</sup> T.M. Thomas Issaac, P.A. Van Stuijberg, and K.N. Nair, Op.cit., p.97.

<sup>5</sup> Ruddar Dutt and K.P.M. Sundharam, "Indian Economy", Sultan Chand & Co., 1989, p.593.

<sup>vi</sup> Forty Eighth Annual Report of Coir Board, Kochi, 2001-02, p.16

<sup>vii</sup> Forty Fourth Annual Report of Coir Board, Kochi, 2002-03, pp.18-23.

<sup>viii</sup> Fifty First Annual Report of Coir Board, Kochi, 2004-05, p.16.