

Analysis Of Coir Units In Tirunelveli District According To The Investment Pattern In Working Capital Of Micro Units

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Abstract

The traditional agro-based rural industry of coir is rapidly expanding in the southern regions of the country. From its inception, it has been heavily focused on exports, generating significant foreign exchange by providing over 14 value-added products for international markets. The recent global emphasis on environmental sustainability has created a surge in the industry, as its products are entirely biodegradable and eco-friendly. In light of the evolving circumstances, a study of this thriving sector would be highly beneficial from a comprehensive viewpoint. To facilitate this, primary data were gathered using a meticulously designed interview schedule. The analysis, based on the collected data, primarily concentrated on coir units registered in the Tirunelveli district, examining their location, type, sources of raw materials, duration of raw material and finished fiber storage, capital sources, and investment patterns. It was discovered that the majority of the 116 micro units (48.13 percent) fell within the investment range of Rs.15 lakhs to Rs.20 lakhs. Additionally, 14 small units (40 percent) were found to have investments ranging from Rs.50 lakhs to Rs.1 crore, with no coir unit exceeding an investment of Rs.2 crore.

Keywords : Investment , raw material ,rural industry

INTRODUCTION

India stands as the foremost producer of coir globally, contributing over 80 percent of the total world output of coir fibre. The coir industry in India is highly varied, encompassing households, cooperatives, NGOs, manufacturers, and exporters. It exemplifies the creation of exquisite artifacts, handicrafts, and utility products from coconut husks, which would otherwise be considered waste. The coir sector provides employment to more than seven hundred thousand individuals, the majority of whom hail from rural regions and belong to economically disadvantaged groups. Approximately 80 percent of the workforce in the fibre extraction and spinning sectors consists of women. Coir is a natural fibre derived from the mesocarp tissue, or husk, of the coconut. This fibre, which is golden in hue once cleaned after extraction from the coconut husk, is commonly referred to as 'The Golden Fibre'. In this article, the researcher endeavors to explore the organizational and financial dimensions of coir units located in the Tirunelveli district. To achieve this, primary data was gathered through a meticulously structured interview schedule. The analysis, based on the collected data, primarily concentrates on coir units registered in the Tirunelveli district, examining their location, type, sources of raw materials, duration of raw material and finished fibre storage, capital sources, and investment patterns. Working capital pertains to the allocation of financial resources for daily business operations. Investing in working capital entails the acquisition of short-term assets and the assumption of short-term liabilities.

MATERIALS AND METHODS

COLLECTION OF DATA

This study is an empirical research based on the survey method. The researcher adopted interview schedules for collecting primary data.

Primary Data

The primary data were gathered from two distinct sources. Information regarding the organization, investments, sales, costs, and returns of coir units was obtained from the manufacturers of these units. Additionally, data concerning the prices paid, received, and costs incurred in the marketing of coir were collected from market intermediaries. Separate interview schedules were developed and utilized to gather the necessary information from both manufacturers and market intermediaries. As a preliminary measure, the drafted interview schedules underwent pre-testing, which involved 5 manufacturers of coir units and 10 intermediaries. Their feedback and recommendations were solicited regarding the structure of the schedules. Based on the insights gained from the pre-test, the initially prepared interview schedules were revised, leading to the creation of the final draft.

RESULTS AND DISCUSSION

TABLE INVESTMENT PATTERN OF THE WORKING CAPITAL OF MICRO UNITS

(Rs. in lakhs)

Sl. No.	Elements of Working Capital	Investment Range							
		Below Rs.10 lakhs (26 Units)		Rs.10 lakhs to Rs.15 lakhs (67 Units)		Rs.15 lakhs to Rs.20 lakhs (116 Units)		Rs.20 lakhs to Rs.25 lakhs (32 Units)	
		Total Investment	Average Investment	Total Investment	Average Investment	Total Investment	Average Investment	Total Investment	Average Investment
1	Raw Materials	25.22	0.97 (38.95)	87.77	1.31 (37.75)	170.52	1.47 (37.22)	48.96	1.53 (35.92)
2	Finished Fibre	23.92	0.92 (36.95)	80.40	1.20 (34.58)	148.48	1.28 (32.40)	43.20	1.35 (31.69)
3	Cash	15.6	0.60 (24.10)	64.32	0.96 (27.67)	139.20	1.20 (30.38)	44.16	1.38 (32.39)
	Total	64.74	2.49 (100.0)	232.49	3.47 (100.0)	458.20	3.95 (100.0)	136.32	4.26 (100.0)

Source: Primary Data

Figures in brackets are percentages to the total.

The investment pattern of working capital for micro units has been categorized into four types: 1) Below Rs. 10 lakhs, 2) Rs. 10 lakhs to Rs. 15 lakhs, 3) Rs. 15 lakhs to Rs. 20 lakhs, and 4) Rs. 20 lakhs to Rs. 25 lakhs. There has been a declining trend in the share of average working capital investment allocated to raw materials. This share gradually decreased from 38.95 percent in the category of below Rs. 10 lakhs to 37.22 percent in the category of Rs. 15 to Rs. 20 lakhs, and further down to 35.92 percent in the category of Rs. 20 to Rs. 25 lakhs. Similarly, the share of average working capital investment in finished fibre has also shown a decreasing trend (Manoharan, K, 2004). It declined from 36.95 percent in the category of below Rs. 10 lakhs to 34.58 percent in the category of Rs. 10 to Rs. 15 lakhs, then to 32.40 percent in the category of Rs. 15 to Rs. 20 lakhs, and finally reached 31.69 percent in the category of Rs. 20 to Rs. 25 lakhs. Conversely, the share of average working capital investment in cash has exhibited an increasing trend (Ramanujam, K., 2007). It rose steadily from 24.10 percent in the category of below Rs. 10 lakhs to 27.67 percent in the category of Rs. 10 to Rs. 15 lakhs, then to 30.38 percent in the category of Rs. 15 to Rs. 20 lakhs, and ultimately reached 32.39 percent in the category of Rs. 20 to Rs. 25 lakhs. As the investment range of working capital expanded from the first category (below Rs. 10 lakhs) to the fourth category (Rs. 20 to 25 lakhs), the share of average working capital investment in raw materials and finished fibre exhibited a downward trend, while the share in cash showed an upward trend. The following Table 4.20 illustrates the investment pattern of working capital for small units in the study area. (Pandi S.J, 2005)

CONCLUSION

- In the context of coir units registered in the Tirunelveli district, the average annual increase was recorded at 0.30 units per year, with investments in coir units rising by 2.16 lakhs annually. Employment within these units expanded by 1.92 individuals per year, and total production experienced an increase of 0.06 tonnes per annum throughout the study period.
- The average annual growth rate for the number of registered coir units was 2.81 percent, while the growth rate for investment stood at 2.47 percent per annum. Employment growth was noted at 1.78 percent per annum, and the growth rate for total production was 1.91 percent per annum.
- Within the study area, a significant majority (80.50 percent) of micro-level coir units were situated in rural regions, a trend that is also reflected in the total number of units. This is attributed to the predominantly rural nature of the Tirunelveli district.

- The researcher identified that a considerable number of coir units in the study area operated as sole trading entities. → It was observed that the majority of the 116 micro units (48.13 percent) fell within the investment range of Rs.15 lakhs to Rs.20 lakhs.
- Additionally, 14 small units (40 percent) were found to be in the investment range of Rs.50 lakhs to Rs.1 crore, with no coir unit exceeding an investment of Rs.2 crore. → In the study area, a vast majority of coir units (94.93 percent) sourced their investment from a combination of personal funds and borrowed amounts.

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