

WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION

Volume - 2

Editors

**Dr. M.V. Sathiyabama
Dr. R. Vidwakalyani
Dr. B. Indira Priyadharshini
Dr. T. Kiruthika
Ms. M. Ragaprabha**

WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION

© Dr. M.V. Sathiyabama
Dr. R. Vidwakalyani
Dr. B. Indira Priyadharshini
Dr. T. Kiruthika
Ms. M. Ragaprabha

First Edition: 2023

ISBN: 978-93-5811-136-1

Price: ₹580

Copyright

All rights reserved. No part of this book may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, mechanical, photocopying, recording or otherwise, without prior written permission of the author.

Printed at

SHANLAXPUBLICATIONS
61, 66 T.P.K. Main Road
Vasantha Nagar
Madurai – 625003
Tamil Nadu, India

Ph: 0452-4208765,

Mobile: 7639303383

[email:publisher@shanlaxpublications.com](mailto:publisher@shanlaxpublications.com)

[web: www.shanlaxpublications.com](http://www.shanlaxpublications.com)

16	Role of Banks at Innovation and Risks of Digital Payment System Dr. S. Chandrasekaran & M. Narayanan	114
17	Inclusive Growth of Micro-Finance Institutions a Conceptual Study Dr.S. Deepika, Mrs.S. Bhuvaneswari & Mr.S. Mohanram	125
18	Financial Inclusion in India J. Aaro shiny Briska & U. Nithya	136
19	Financial Self-Governance and Self-Reliance of Women Through Self-Help Groups (SHG) in Pollachi Taluk Rajagopalan S	141
20	Women Empowerment through Micro Finance G. Sowbarani & N. Rajalakshmi I	149
21	Work Life Balance of Tamilnad Mercantile Bank Employees in Sivakasi Taluk Dr. C. Anupriya & Dr. T. Jebasheela	164
22	Health Services Research: Scope and Significance Mrs.P.Saktheeswari & Dr. M. Rifaya Meera	174
23	Women Empowerment in India Dr K.Latha	181
24	A Study on Women Empowerment through Self- Help Groups with Special Reference to Namakkal District B.Kavitha	191
25	An Analysis of Cost of Production of the Coir Units in Pollachi Taluk with Special Reference to Coimbatore District Dr.M.Radha, Dr. M. Mehar Banu & Mrs. R. Divyabharathi	200
26	Empowerment of Women Handloom Weavers-An Analytical Study Dr. M. Mehar Banu, Dr. R. Rajini & G. Kaviya	208
27	Changing Scenario towards Empowerment of Women in India: Issues and Challenges Dr. Bharati Lonarkar	214
28	Women Empowerment in India - A Critical Analysis Dr. Sagar V. Shelke	221
29	Women Empowerment in Microfinance Ms.P.Sasikumar & Mr.S.Gobi	228
30	Women Empowerment through Financial Inclusion Ms. Smita Madhukar Deshmukh	237
31	Women Empowerment in India and It's Importance Dr. I. Siddiq, Krishna Prasad.S. A & Karan.R	249
32	Women Empowerment in India and Its Importance Dr. R. Manikandan & Dr. S.Sukumari	252

AN ANALYSIS OF COST OF PRODUCTION OF THE COIR UNITS IN POLLACHI TALUK WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

Dr.M.Radha

Head&Associate Professor, Department of Economics
Sri GVG Visalakshi College for Women, (Autonomous), Udumalpet

Dr. M. Mehar Banu

Assistant Professor, Department of Economics
Sri GVG Visalakshi College for Women, (Autonomous), Udumalpet

Mrs. R. Divyabharathi

Ph.D. Research Scholar, Department of Economics
Sri GVG Visalakshi College for Women, (Autonomous), Udumalpet

Abstract

As a nation of villages, with more than two-thirds of its people living in rural areas, India may benefit greatly from rural industrialisation, which creates both forward and backward connections in the rural economy. Rural small scale enterprises (RSSEs), based on local resources, expertise, and technology, have been designated as one of the country's main sectors in this context. The coir industry is one of the oldest agriculturally based rural small-scale enterprises still attracting the interest of both the government and innovative companies. It is crucial to have knowledge of the production methods used by the study area's units to extract the coir fibre because doing so enables one to comprehend the numerous expenses related to its manufacturing. The size of the unit, the kind of coir fibre created, and the method of decorticating used are the main determining factors in the cost of fibre production. The production costs of the coir units in the district of Coimbatore were examined for the purposes of this article. Fixed and variable costs for coir manufacturers have been the main focus of the study.

Keywords: *Manufacture, Production, Cost of Production*

Introduction

India is the largest producer more than 80percent of the world's coir fibre, making it the largest producer in the world. India's coir industry is quite diverse and includes homeowners, co-ops, NGOs, manufacturers, and exporters. This is the best illustration of using otherwise wasted coconut husks to create stunning artefacts, handicrafts, and useful products. More than 7 lakh people are employed by the coir sector, the majority of whom are from rural areas and are from

economically challenged societies. Coir is produced through a long process that involves either retting or unretting coconut husk in order to extract the fibre that makes up the coir. Thus, two techniques – the mechanical approach and the conventional method, or retting – is used to extract the fibre (unretting). The production efficiency of both the micro and small size units may be determined by analysing cost and returns, returns to scale, and production-related issues in the coir units. This analysis also reveals the efficiency and profitability of these units' scale of operations. Particularly, the study would be helpful in persuading the makers of the units to enter the second phase of production in order to produce all of the units in the region.

Objectives of the Study

For the critical analysis on the performance of coir industry in Pollachi Taluk, Coimbatore district, five performance indicators such as growth, production cost analysis, returns and resource -use efficiency, marketing and human resource management are used. The objectives framed for the present study are:

- To find out the organizational and financial set-up of the coir units.
- To offer suggestions for improving the overall performance of coir industry based on the findings of the study.

Materials and Methods

Production Cost

Production cost refers to the cost incurred by a manufacturer when he involved in the process of manufacturing coir. Production costs include a variety of expenses including, labour, raw materials, consumable manufacturing supplies and general overhead. Additionally, any taxes levied by the government or royalties owed by natural resource extracting companies are also considered production costs. The production cost is divided into two broad categories, namely variable cost and fixed cost.

Variable Cost

A variable cost varies in direct proportion with production of output. Variable costs are those costs that vary depending on a company's production volume; they rise as production increases and fall as production decreases. In the present study the following are the major variable costs.

Cost of Labour

The wages paid to both male and female workers. The prevailing wage rate in the study area was Rs.500 per man and Rs.300 for women for each shift of 8 hours work.

Cost of Raw Material

The husk is the raw material for coir industry. The price of husks (with loading and unloading) ranges from Rs.500 to Rs.750 per lot of 1000 numbers. During the monsoon rainy period, the price of husk will be high and during the rest of the year the price will be low.

Cost of Unretting

The dry husk is first soaked and then it is beaten with the help of the decorticator machine. The dry husk is normally soaked after it is beaten by that machine. The dry husk so beaten is soaked by pouring water for a minimum of 10 days. The water cost is incurred for unretting of husk.

Cost of Power

In the coir industry all operations like unretting of husks, defibring of fibre, separation of fibre and pith, drying and bundling of coir fibre, are all carried out with the help of electricity.

Cost of Machine Running

The amount spent on fuel, oil and lubricants spare and parts, consumables and packing material are included in this cost.

Cost of Pith Disposal

The amount spent on diesel and oil for transporting the disposal of coir pith on owned tractor which is calculated at the purchase price.

Interest on Working Capital

In the present study the interest on the working capital was taken into account. It was charged at the rate of 13.5 per cent per annum, which the on-going interest rate was charged by the commercial banks during the period of survey.

Fixed Cost

A fixed cost is a cost that does not change with an increase or decrease in the amount of goods or services produced or sold. Fixed costs are expenses that have to be paid by a company, independent of any business activity. The following are the major fixed cost in the study area.

Office and Administrative expenses

It includes expenses on telephone charges, stationary purchased, lighting expenses and property tax.

Depreciation on Building and Machinery

By diminishing balance method, the depreciation amount on assets was calculated. As per the rates presented under section 32 of the Income Tax 1961, it was worked out.

Interest on Long Term Borrowing

Interest on long term borrowings was calculated at the rate of 9.30 per cent, which is usually charged by commercial banks.

Result and Discussion

Fixed and variable costs of production

To compare the total cost between the micro and small units, the analysis of fixed and variable cost were necessary. The following Table 1 represents information on item wise fixed and variable cost per 100 bundles of coir fibre.

Table - 1 Cost of Production for Coir Fibre (Per 100 Bundles)

S. No	Cost Component	Micro Units		Small Units	
		Amount in Rs.	Percentage	Amount in Rs.	Percentage
1	Variable Cost				
	Cost of Labour	10538.45	42.73	9281.41	38.57
2	Cost of Material (Husk)	5088.35	20.63	4468.61	18.56
3	Cost of Unretting	639.47	2.59	617.32	2.56
4	Cost of Power	3288.93	13.34	3797.43	15.78
5	Cost of Machine running	1223.47	4.96	888.61	3.69
6	Cost of Pith Disposal	579.65	2.35	639.85	2.66
7	Interest on Working Capital	1062.41	4.31	1087.14	4.52
	Total Variable Cost (1 to 7)	22420.73	90.91	20780.37	86.35
8	Fixed Cost				
	Office and administrative	224.55	0.91	474.60	1.97
9 & 10	Depreciation on Building & Machinery	1339.47	5.43	1790.88	7.44
	Interest on long-term Borrowings	676.91	2.75	1018.62	4.24
	Total Fixed Cost	2240.93	9.09	3284.10	13.65

	(8 to 10)				
	Total Cost (Variable Cost + Fixed Cost = 1 to 10)	24661.66	100.00	24064.47	100

Source: Primary Data

The Table revealed that the total cost of production for 100 bundles of coir fibre of micro units was Rs.24661.66 and for small units it was Rs.24064.47. It is also understood from the table that the total variable cost for micro units was Rs.22420.73 (90.91 per cent) and for small units it was Rs.20780.37 (86.35 per cent). The fixed cost for micro units was Rs.2240.93 (9.09 per cent) and for small units it was Rs.3284.10 (13.65 per cent).

In the case of micro units, the item-wise analysis of variable costs showed that the cost of labour has accounted for maximum percentage of 42.73 per cent in the total cost. It is followed by the material cost which accounted for 20.63 per cent. The cost of power accounted for 13.34 per cent, followed by the other costs like cost of machine running (4.96 per cent), interest on working capital (4.31 per cent), cost of unretting (2.59 per cent) and the cost of pith disposal (2.035 per cent) in the total cost.

Regarding small units, the item-wise analysis of variable cost showed that the cost of labour constituted for 38.57 per cent in the total cost. The cost of material which accounted for 18.56 per cent and the cost of power constitute for 15.78 per cent.

It is followed by the other costs, like interest on working capital (4.52 per cent), cost of machine running (3.69 per cent), cost of pith disposal (2.66 per cent) and cost of unretting (2.56 per cent) in the total cost. As far as item-wise fixed costs of the micro units were concerned, depreciation on building and machinery accounted for 5.43 per cent, followed by interest on long term borrowing (2.75 per cent) and office and administrative accounted for 0.91 per cent in the total cost. Similarly the same picture prevailed in the fixed costs of the small units, depreciation on building and machinery constituted for 7.44 per cent, followed by interest on long term borrowing (4.24 per cent) and office administrative cost constituted for 1.97 per cent in the total cost.

The table also explains that the cost of labour has highest share in variable cost both in micro and small units. Similarly, among the various variable costs, the pith disposal has the lowest share in both units. In fixed costs, depreciation on building and machinery has maximum share both in micro and small units. The share of costs of labour, cost of material, unretting and machine running have lower value in small size units than in micro size units, because of economics of large scale

production. The status survey of coir industry in Pollachi classifies the workers into regular and casual workers. The regular workers work for about 7 hours, while the casual workers work for 8 to 9 hours depending upon the production demand of the unit.

Narasimhan et al (2004) reported that 65 per cent of total expenditure on black gram was due to variable costs and concluded that the total cost per hectare increased with increase in farm size, whereas returns showed inverse relationship with the farm size.

Cahal and Kataria (2005) reported that the total cost for hybrid varieties of maize Human and animal labour cost constituted more than one third of the operational cost. The share of costs of power, pith disposal and interest on working capital have higher value in small units than that of in the micro units, as the effect of huge extraction of coir fibre by small units. As far as the fixed costs, all items in the small units have higher values when compared to value in micro units, because the small units generally borrowed heavy funds from outside sources they invested major funds in fixed assets. The following Table 2 depicts the cost of production per 100 bundles of coir fibre.

Table - 2 Cost of Production Per 100 Bundles of Coir Fibre

Size of the Unit	Variable Cost		Fixed Cost		Total Cost	
	Amount in Rs.	Percentage	Amount in Rs.	Percentage	Amount in Rs.	Percentage
Micro	22420.73	90.91	2240.93	9.09	24661.66	100.00
Small	20780.37	86.35	3284.10	13.65	24064.47	100.00
Overall	43201.10	88.66	5525.03	11.34	48726.13	100.00

Source: Primary Data

The table 2 shows that the cost of production of coir fibre per 100 bundles for the micro and small coir units in the study area by taking the major costs, namely the variable costs and fixed costs. The total cost for the micro units was Rs.24661.66 whereas for the small units the total cost was Rs. 24064.47.

In the case of micro units the variable cost accounted for Rs.22420.73 (90.91 per cent) and the fixed cost accounted for Rs.2240.93 (9.09 per cent). Regarding the small units the variable cost constituted for Rs.20780.37 (86.35 per cent) and the fixed cost constituted for Rs.3284.10 (13.65 per cent). In the overall category, the variable cost and fixed cost stood at Rs.43201.10 (88.66 per cent) and Rs.5525.03 (11.34 per cent).

The table 2 also explains that the variable cost was less and the fixed cost was more in the small size units. But, it was vice versa in the case of micro units. Hence,

it could be understood that in the total cost of production, the small coir units have a considerable edge over the micro level coir units, because of the advantage of its size.

Suggestions

On the basis of the findings of the study the following viable suggestions are offered for the improved performance of the coir units:

- In this study, it is found that Shortage of Workers is the most significant production problem faced by both small and micro coir units of the study area. Hence, it is suggested that the state government as well as the Coir Board may encourage the entrepreneurs to start manufacturing value-added coir products like mats, rugs, maurzouks, carpets etc., which will help them to earn more and enable them to pay attractive wages to their workers. If attractive wages are paid, more workers will be attracted towards the coir units even during the peak-agricultural seasons. Thereby, the major problem of shortage of workers may be solved.
- In this study, it is found that Inadequate Finance is a major production problem faced by small coir units. Hence, it is suggested that the government may encourage the Commercial banks, Co-operative banks and other financial institutions to offer loan facilities at subsidized rates of interest, especially to small coir units to meet out their working capital requirements during peak seasons.

Conclusion

The coir industry was chosen for study because of its production of coir products to the area. The sector employs a large number of socially marginalized people, mostly from lower castes and outcastes, and a huge proportion of them are women. Because of their different features of durability, biodegradability, and environmental friendliness, coir and coir products are making good development in both the domestic and foreign markets. For value-added coir products, the industry has a spectacular share of the global market. In the current study, an effort has been made to look at the domestic issues that coir producers usually experience while they conduct business. The industry is challenged by many production and post-production issues. The industry is contributing majority of the output of the country's total coir products production. The workers and the coir cooperative societies are looking forward for a positive and continuous growth of the industry.

References

1. R. Sundaresan, "Technology, Labour and Capital: A study of Inter Linkages in Coir Yarn Spinning Industry in Kerala", Unpublished Ph.D. Thesis submitted to University of Kerala, Trivandrum, 2002
2. P.K. Balakrishnan, "Evolution and Working of Coir Industry in India", Coir Board, Kochi, 2005, p.194.
3. Chahal, S.S., & Kataria, (2005). Technology Adoption and Cost-Return Aspects of Maize Cultivation in Punjab. *Agricultural Situation in India*, 51(4), 241-247.
4. Narasimham, S., Raju, V.T., Shareef, S.M., & Bhyravamurthy, S. (2004). Cost and Returns Analysis of Black Gram Cultivation in Yanam Region of Union Territory of Pondicherry. *The Andhra Agricultural Journal*, 51(3), 504-507

Websites

1. www.coirboard.gov.in & www.coirindia.org