

**EXPORT MARKET POTENTIAL OF MSME COIR UNITS IN COIMBATORE DISTRICT,
TAMIL NADU**

Dr.T.S.KAVITHA, Associate Professor, Department of Commerce, Nallamuthu Gounder
Mahalingam College, Pollachi, Tamil Nadu.

Abstract

The coir industry represents one of the most traditional and eco-friendly sectors in India, contributing significantly to rural employment, sustainable development and foreign exchange earnings. Within this sector, Micro, Small, and Medium Enterprises (MSMEs) constitute a critical segment, producing a wide range of coir-based products for both domestic and international markets. With the growing global demand for natural, biodegradable and eco-sustainable products, MSME coir units possess considerable potential to expand their export performance. The present study seeks to examine the export market potential of MSME coir units by evaluating current export trends, identifying emerging opportunities and assessing the challenges encountered in international trade. Special attention is given to barriers such as technological limitations, inadequate branding, quality certification requirements, and global competition, alongside the enabling role of policy interventions and institutional support mechanisms. The findings of this study are expected to provide meaningful insights into strategies that can enhance the global positioning of MSME coir units. By emphasising innovation, quality assurance and effective market linkages, the study underscores the necessity of strengthening the sector export readiness. The research holds relevance for policymakers, industry stakeholders and entrepreneurs in formulating policies and practices aimed at maximizing the export potential of MSME coir enterprises within an increasingly sustainability driven global economy.

Keywords: *Export market, MSME coir units, Sustainability and Policy intervention, Technology and Global positioning.*

Introduction

The coir industry is one of the oldest cottage-based, eco-friendly industries in India, with its roots tracing back several centuries. As a natural fiber extracted from the husk of coconut, coir has found widespread application in the production of mats, ropes, mattresses, floor coverings, brushes, geotextiles and a variety of value-added products. Its biodegradable and sustainable characteristics have positioned coir as a significant contributor to the global movement towards environmentally friendly and renewable resources. India, being the largest producer and exporter of coir and coir products, plays a pivotal role in meeting international demand.

Within this sector, Micro, Small, and Medium Enterprises (MSMEs) occupy a critical place, particularly in states such as Kerala, Tamil Nadu, Andhra Pradesh and Karnataka, where coir-based clusters are concentrated. MSME coir units are not only instrumental in promoting rural industrialization and women's employment but also contribute significantly to India's export earnings. Despite this, the export performance of MSME coir units has not fully aligned with their potential. Several structural and operational challenges such as lack of modern technology, limited product diversification, inadequate market linkages and competition from synthetic substitutes have constrained their ability to capture a larger share of the global market.

In recent years, there has been a paradigm shift in international trade, with growing consumer preference for eco-friendly and sustainable products. This changing trend has opened up new opportunities for coir-based MSMEs to strengthen their export base. At the same time, the Government of India and agencies such as the Coir Board have introduced several promotional schemes, quality certification measures and marketing initiatives to support the sector. However, the effectiveness of these interventions and the ability of MSME coir units to leverage them for export competitiveness remain areas requiring in-depth study.

At this juncture, the present research seeks to investigate the export market potential of MSME coir units by examining existing trends, identifying opportunities in global markets and analysing barriers

that restrict their international growth. The study further explores the role of institutional support, product innovation and strategic market interventions in enhancing export performance. By addressing these dimensions, the research aims to provide a comprehensive understanding of how MSME coir units can strengthen their global positioning and contribute more effectively to India's trade and economic development.

Despite India's position as the largest producer and exporter of coir in the world, the export performance of MSME coir units has remained below its potential. Several issues continue to constrain the sector's global competitiveness. Many MSME units face challenges such as outdated technology, insufficient product diversification, lack of standardized quality certifications, weak international branding and limited access to export markets. Moreover, global competition from synthetic substitutes and other natural fibers has further reduced their ability to sustain long term market share. While government initiatives and institutional support exist, the capacity of MSME coir units to effectively utilize such measures for export growth is often restricted due to inadequate awareness, limited resources and structural barriers.

At the same time, the global market for eco-friendly, biodegradable and sustainable products is expanding rapidly, offering significant opportunities for coir-based MSMEs. However, unless these enterprises are able to overcome existing constraints and strategically position themselves, they risk losing their competitiveness in international markets.

Therefore, it becomes necessary to systematically examine the export market potential of MSME coir units, identify the emerging opportunities, analyse the challenges and suggest strategies that can enable these enterprises to strengthen their global presence. This study addresses the research gap by evaluating both the opportunities and limitations faced by MSME coir units in international trade, thereby contributing to a better understanding of how this sector can be transformed into a globally competitive industry

Objective of the study

The Present Study aims to emphasise the Export market Potential of MSME coir industries in Coimbatore District, Tamil Nadu.

Review of Literature

The coir industry has been the subject of considerable research, particularly in the areas of rural industrialization, women's employment and export performance. As one of the oldest cottage-based industries in India, coir production has been closely linked with socio-economic development and international trade opportunities.

According to Joseph (2010), the coir industry has historically provided sustainable employment to marginalized communities, particularly women in coastal regions, making it a vital contributor to inclusive growth. Similarly, Nair (2015) emphasizes that the eco-friendly and biodegradable nature of coir products has increased their relevance in the context of global demand for sustainable alternatives. These studies collectively highlight the economic and environmental significance of the sector.

Studies by Kumar and Prasad (2014) indicate that India accounts for more than 80 percent of the world's coir production, yet its share in global trade remains underutilized. The major export destinations include the United States, European Union countries and China, with growing opportunities in Middle Eastern and African markets. However, as pointed out by Mathew (2016), the sector's competitiveness is hindered by issues such as inadequate branding, lack of innovation and competition from synthetic substitutes.

Research by Jayasheela and Hans (2014) identifies multiple constraints faced by MSME coir units, including technological backwardness, limited access to credit and dependence on traditional products with low value addition. Similarly, a study by Raveendran (2017) stresses that the absence of international quality certifications and standardization restricts the ability of coir products to compete effectively in global markets. Moreover, fluctuating raw material prices and inconsistent supply chains add to the sector's vulnerability.

The Coir Board of India, established under the Coir Industry Act, has played a critical role in promoting exports through schemes related to skill development, product diversification, and marketing assistance (Coir Board Report, 2019). Studies such as Pillai (2020) highlight the effectiveness of initiatives like the Coir Udyami Yojana and participation in international trade fairs, which have created new opportunities for MSME entrepreneurs. Nevertheless, the effectiveness of these programs is often limited by lack of awareness and accessibility among small-scale producers (Sharma, 2021). Recent literature also emphasizes the growing demand for eco-friendly and sustainable products worldwide (UNCTAD, 2021). Geotextiles, coir pith and value-added coir products have been identified as potential growth drivers in export markets (Ramanathan, 2020). The rising global emphasis on green industries positions coir-based MSMEs at an advantageous position, provided they adopt innovation, branding and digital marketing strategies.

Significance of the Study

The present study holds significant academic, economic and policy relevance in the context of India's coir industry and its role in international trade. The coir sector, dominated by Micro, Small, and Medium Enterprises (MSMEs), contributes not only to rural employment generation and sustainable development but also to the country's export earnings. However, the sector continues to face multiple challenges that constrain its ability to exploit the growing global demand for eco-friendly and biodegradable products.

Methodology

The Research study was mainly depends simple random sampling method. Primary data was collected by issuing the questionnaire. More than 1000 coir units are registered with coir board of them, 220 coir units have been selected as the sample for the current study.

Out of 220 Samples, 203 data was taken for analysis. Friedman Rank statistical tool has applied to analyse the collected data.

Hypothesis

H₀₁: The Coir Industry does not face any challenges in their Operational area.

Results and Discussion

Table:1 Risk Faced by the Exporter

Faced any risk	Frequency	Percent
No	113	55.70
Yes	90	44.30
Total	203	100.00

The data presented in Table 1 illustrates the distribution of respondents who have encountered risks within their coir business. 55.70% of participants reported that they have not encountered any risk. 44.30% have encountered risks in their business operations. The findings indicate that a slight majority of coir producers report no risks in their operations, while a significant proportion (44.30%) have encountered risks in their business activities.

Table: 2 Rejection while exporting

Rejection while exporting	Frequency	Percent
No	192	94.60
Yes	11	5.40
Total	203	100.00

Tables 2 illustrate the rejection while exporting rejections. The overwhelming majority (94.6%) have not encountered any rejections in exports, while only 5.4% have encountered rejections ranging from 1% to 5%. This implies that exporters generally maintain high standards of quality control and compliance.

Table: 3 Percentage of rejection

Percentage of rejection	Frequency	Percent
No Rejection	192	94.60
1% to 5 %	11	5.40
Total	203	100.00

Tables 3 illustrate the percentage of export rejections. The overwhelming majority (94.6%) have not encountered any rejections in exports, while only 5.4% have encountered rejections ranging from 1% to 5%. This implies that exporters are encounters very less percent of rejections during export.

Table: 4 Challenges faced by coir producers during export

S.No	Factors	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean Score	Friedman Rank
1	High Documentation procedure in banks /financial institutions	20	41	47	2	0	5.61	5
		(9.85%)	(20.20%)	(23.15%)	(0.99%)	(0.00%)		
2	High transportation cost while purchasing and selling	0	61	47	2	0	5.12	8
		(0.00%)	(30.05%)	(23.15%)	(0.99%)	(0.00%)		
3	Problems in Customs clearance	20	20	68	2	0	5.30	6
		(9.85%)	(9.85%)	(33.50%)	(0.99%)	(0.00%)		
4	strict government policies for export	0	20	75	15	0	4.36	10
		(0.00%)	(9.85%)	(36.95%)	(7.39%)	(0.00%)		
5	Pre /post shipment procedure	41	0	19	49	0	4.74	9
		(20.20%)	(0.00%)	(9.36%)	(24.14%)	(0.00%)		
6	Credit risk/importer credit worthiness	40	68	0	1	0	6.71	1
		(19.70%)	(33.50%)	(0.00%)	(0.49%)	(0.00%)		
7	Height and weight limit while exporting	19	20	70	0	0	5.20	7
		(9.36%)	(9.85%)	(34.48%)	(0.00%)	(0.00%)		
8	High tariff risk which have more influence on profit	39	21	49	0	0	6.00	3
		(19.21%)	(10.34%)	(24.14%)	(0.00%)	(0.00%)		
9	Less support from bank while exporting(Letter of credit)	40	20	49	0	0	5.82	4
		(19.70%)	(9.85%)	(24.14%)	(0.00%)	(0.00%)		
10	Foreign exchange fluctuation risk	68	20	0	21	0	6.15	2
		(33.50%)	(9.85%)	(0.00%)	(10.34%)	(0.00%)		

Table -4 displays the rankings of different challenges faced by coir producers during the export process, determined by their mean scores through the Friedman Rank Test. The most significant challenge identified is credit risk/importer creditworthiness, which received the highest mean score of 6.71. This reflects serious concerns regarding payment security and the financial reliability of foreign

buyers. Next, encounters foreign exchange fluctuations (6.15) and the significant threat posed by high tariffs (6.00)—each of which can profoundly affect the profitability of exports. The absence of backing from financial institutions, especially regarding the issuance of Letters of Credit, presents a significant issue which is 5.82. The documentation procedures in banks and financial institutions are rated at 5.61, indicating bureaucratic inefficiencies that obstruct seamless operations. Issues that are ranked moderately include customs clearance problems (5.30) and height/weight limitations (5.20), both of which pertain to logistical and regulatory aspects. Elevated transportation expenses (5.12) pose a limitation, yet they are considered less critical in terms of severity. The challenges deemed least critical by the respondents include pre/post-shipment procedures (4.74) and strict government export policies (4.36), indicating that these issues are either manageable or occur less often. This ranking indicates a significant belief that financial and economic uncertainties present more substantial obstacles to achieving export success compared to operational or policy-related challenges.

Table: 5 Test Statistics

Test Statistics ^a	
N	203
Chi-Square	233.031
df	9
Asymp. Sig.	.000
a. Friedman Test	

Table -5 illustrates the statistical validation of the rankings detailed in Table -29 through Friedman Test, a non-parametric method utilized for identifying differences in treatments across various test attempts. The analysis yielded a Chi-Square value of 233.031, accompanied by 9 degrees of freedom (df) and an Asymptotic Significance (p-value) of 0.000. The results are statistically significant, as indicated by a p-value of less than 0.001. This suggests that distinct and significant variations exist in the perceptions of coir exporters regarding the severity of the different challenges they face. This confirms that export issues are not perceived uniformly and emphasizes the key focus areas—like credit risk and foreign exchange volatility—that require strategic policy intervention and support.

Discussion of Findings

The findings from the study provide meaningful insights into the risk perceptions, rejection rates, and export challenges encountered by MSME coir exporters.

The analysis indicates that a slight majority of respondents (55.70%) reported not encountering any risk in their export operations, while 44.30% acknowledged facing risks. This reflects a mixed scenario: while over half of the exporters consider their operations relatively stable, a substantial proportion still experiences vulnerabilities. The presence of risks for nearly half of the exporters suggests that external uncertainties and financial challenges continue to influence the stability of coir exports. This aligns with Mathew (2016), who emphasized that although coir exporters benefit from strong international demand, their business operations remain susceptible to trade-related risks.

The findings are collectively suggest that rejection during exports is not a widespread problem, with only 5.4% of respondents experiencing rejections ranging between 1–5%. This low rate of rejection implies that MSME coir exporters generally comply with international quality standards and are able to deliver products that meet buyer expectations. Such results reflect positively on the efforts of the Coir Board and MSMEs to maintain strict quality controls and adopt certifications that reduce rejection risks. The findings corroborate Sharma (2021), who highlighted that continuous efforts in product standardization and quality assurance have minimized rejection rates in India's coir exports.

The Study offers deeper insights into the specific challenges faced by coir exporters. The Friedman ranking highlights credit risk/importer creditworthiness (mean score: 6.71) as the most significant challenge. This underscores the vulnerability of MSME exporters to defaults and delays in international payments, which directly affect financial stability. Foreign exchange fluctuations (6.15) and tariff-related risks (6.00) were also ranked as major threats, reflecting the sector's dependence on volatile international trade conditions. The findings support the arguments of Raveendran (2017), who

identified foreign exchange volatility and tariff structures as persistent external shocks affecting export performance.

The issue of limited support from banks, particularly regarding Letters of Credit (mean score: 5.82), highlights institutional barriers faced by exporters. MSMEs often lack sufficient collateral and financial literacy to effectively utilize formal credit mechanisms, thereby restricting their ability to ensure safe and secure transactions. High documentation procedures in banks and financial institutions (5.61) were also rated significantly, pointing to bureaucratic hurdles that delay export processes. This resonates with Pillai (2020), who argued that procedural inefficiencies in financial institutions increase transaction costs for small exporters.

On the other hand, challenges such as customs clearance (5.30), height/weight limitations (5.20), and transportation costs (5.12) were ranked moderately, suggesting that while logistical and regulatory concerns exist, they are not perceived as insurmountable. The least severe challenges reported were strict government policies (4.36) and pre/post-shipment procedures (4.74). This may indicate that exporters either find these requirements manageable or benefit from policy interventions that have already simplified procedures.

The study confirms the statistical significance of differences in exporters' perceptions ($\chi^2 = 233.031$, $p < 0.001$), further validate the hierarchy of challenges. Exporters clearly perceive financial and economic risks, particularly those related to creditworthiness, exchange rates, and tariffs, as more critical compared to operational or regulatory obstacles. This differentiation highlights the need for targeted interventions aimed at reducing financial uncertainty, strengthening institutional support, and building exporters' resilience to global market fluctuations.

In summary, the discussion emphasises that while coir exporters are relatively successful in maintaining quality standards and minimizing product rejections, their sustainability in the global market is threatened primarily by financial, credit-related, and macroeconomic risks. These findings stress the importance of enhancing financial mechanisms, improving exporter access to secure credit facilities and developing strategies to mitigate foreign exchange volatility. Strengthening institutional support and negotiating favourable trade policies will be critical in enabling MSME coir exporters to achieve long-term competitiveness in international markets

Conclusion

The study examined the export market potential of MSME coir units with a focus on risks, rejections and challenges encountered in the international trade process. The analysis revealed that a majority of coir exporters reported not facing major risks or rejections, indicating that the sector has developed adequate quality assurance mechanisms and compliance with international standards. The very low percentage of export rejections (5.4%) further highlights the efficiency of MSME coir units in maintaining product quality, which is a key strength in sustaining competitiveness in global markets. However, the findings also underscore that financial and economic risks remain the most pressing challenges for exporters. Credit risk, importer creditworthiness, foreign exchange fluctuations and high tariff barriers emerged as the primary obstacles, significantly impacting the profitability and sustainability of MSME coir units. Institutional barriers, such as limited banking support and complex documentation procedures, further restrict exporters from effectively capitalizing on global opportunities. In contrast, operational issues such as customs clearance, transportation costs, and government policies were perceived as relatively manageable.

The results highlight that while MSME coir units possess substantial potential in international trade, their ability to expand and sustain exports depends largely on overcoming financial vulnerabilities and enhancing institutional support systems. Strengthening credit mechanisms, ensuring payment security, promoting innovation and developing strategies to mitigate foreign exchange volatility are essential steps for the sector's growth.

In conclusion, the study affirms that MSME coir units are well positioned to benefit from the growing global demand for eco-friendly and sustainable products. However, unlocking their full export potential requires a strategic focus on financial stability, supportive trade policies, and stronger institutional interventions. By addressing these challenges, the coir industry can not only enhance its

export performance but also contribute significantly to rural development, employment generation and India's position in the global sustainable products market.

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