

## PROSPECTS AND GROWTH OPPORTUNITIES FOR MSME COIR UNITS IN COIMBATORE DISTRICT, TAMIL NADU

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### Abstract

MSME coir units in Coimbatore District constitute a vital link between rural livelihoods and export-oriented value chains. This study evaluates near-to-medium term prospects and maps opportunity spaces across product diversification, market expansion, technology adoption, finance and cluster-level coordination. Using a mixed-methods approach surveying MSME coir entrepreneurs and allied stakeholders and analysing secondary data from government and industry sources the study identifies strong potential in value-added coir, B2B niche exports, and private-label contracts. Findings suggest that opportunities are mediated by access to working capital, certification readiness, digital marketing capability, and integration with logistics corridors linking Coimbatore, Tiruppur and Pollachi. Policy-entrepreneur alignment around quality, branding and finance can unlock scale without compromising sustainability.

### Keywords:

*Growth Opportunity, MSME coir units, market expansion and technology adoption.*

### Introduction

The Micro, Small and Medium Enterprises (MSMEs) sector plays a pivotal role in fostering inclusive growth, generating employment and strengthening regional economies in India. Among the wide spectrum of MSMEs, the coir industry occupies a distinctive position as one of the oldest traditional cottage-based industries with deep socio-economic and cultural significance. Coir, derived from the husk of coconuts, is an eco-friendly, biodegradable, and renewable resource that has gained considerable global relevance in the context of sustainable development and the rising demand for green products. India, as the world's largest producer and exporter of coir and coir-based products, holds a unique competitive advantage in this sector.

Tamil Nadu, next to Kerala, has emerged as a leading hub for coir production, supported by its abundant coconut cultivation, skilled workforce and expanding MSME base. Within Tamil Nadu, the Coimbatore district has gained prominence not only for its industrial dynamism but also for its growing contribution to coir-based enterprises. MSME coir units in Coimbatore are increasingly involved in the production of diversified products such as coir mats, ropes, brushes, geo-textiles, pith and value-added eco-friendly goods that cater to both domestic and international markets. These enterprises contribute significantly to rural employment, women's empowerment and sustainable industrial practices.

Despite these strengths, MSME coir units face multiple challenges, including limited access to credit, inadequate branding, high production and transportation costs and competition from synthetic substitutes. Furthermore, global trade dynamics, tariff fluctuations, and the absence of advanced technology adoption hinder the sector's full potential. However, the rising global preference for biodegradable alternatives, increasing use of coir geotextiles in construction and erosion control and government initiatives under the Coir Board and MSME development schemes present vast growth opportunities.

Against this backdrop, the present study seeks to explore the prospects and growth opportunities for MSME coir units in Coimbatore District, Tamil Nadu. By examining the current market trends, export potential and challenges faced by coir producers, this research aims to provide insights into strategies that can enhance competitiveness, sustainability and global reach of the sector. The study holds significance for policymakers, entrepreneurs and industry stakeholders, as it highlights pathways for leveraging the natural and institutional strengths of the coir industry to achieve inclusive and sustainable industrial growth. Several challenges hinder the competitiveness and growth of coir MSMEs in Coimbatore. These include technological backwardness, limited access to credit and formal

financing, inadequate branding and marketing strategies and absence of international quality certifications. Additionally, the sector faces stiff competition from synthetic substitutes, fluctuating raw material prices and inconsistent supply chains. Though government initiatives through the Coir Board and MSME development schemes exist, their effectiveness is often constrained by low awareness and limited accessibility among small-scale entrepreneurs.

At the same time, global markets are witnessing a significant shift toward eco-friendly, biodegradable and sustainable products. Coir products such as geotextiles, pith and value-added goods are gaining prominence in construction, horticulture and green industries. This changing global landscape presents enormous opportunities for MSME coir units in Coimbatore to expand their presence in both domestic and international markets.

### **Objective of the study**

The Study aims to examine the prospects and growth opportunities of MSME coir industries in Coimbatore District, Tamil Nadu.

### **Review of Literature**

The coir industry, one of the oldest agro-based cottage industries in India, has been closely associated with rural development and employment generation. Joseph (2010) emphasized that the industry provides sustainable livelihoods for marginalized communities, particularly women, in coconut-growing regions. Similarly, Jayasheela and Hans (2014) highlighted the role of coir production in women's economic empowerment through self-help groups, making it a key driver of inclusive growth in rural areas.

The biodegradable and eco-friendly nature of coir has attracted increasing attention in the context of sustainability. Nair (2015) noted that the rising global demand for eco-friendly alternatives to plastics and synthetic fibers has enhanced the significance of coir-based products. Ramanathan (2020) further added that coir geotextiles, coir pith and value-added products have immense export potential, especially with the growing emphasis on green industries and sustainable construction practices worldwide.

India accounts for over 80% of the world's coir production, yet its share in global trade remains underutilized (Kumar & Prasad, 2014). Major export destinations include the United States, European Union countries and China, with emerging opportunities in the Middle East and Africa. However, as Mathew (2016) argued, the industry faces challenges in global competitiveness due to inadequate branding, lack of innovation and competition from synthetic substitutes.

MSME coir units, which form the backbone of the sector, face multiple operational and structural challenges. Raveendran (2017) pointed out that limited access to modern technology, absence of international quality certifications, and fluctuating raw material prices restrict their ability to expand in global markets. Similarly, Sharma (2021) stressed that small-scale coir entrepreneurs often remain unaware of government schemes and lack sufficient resources to access export promotion opportunities.

The Coir Board of India, established under the Coir Industry Act, has played a crucial role in promoting product diversification, skill development and export assistance. Pillai (2020) observed that initiatives such as the Coir Udyami Yojana and participation in international trade fairs have enhanced opportunities for MSME entrepreneurs. However, these efforts are often hindered by limited outreach and accessibility among rural producers.

Recent global trade trends reflect a shift toward eco-friendly, sustainable and value-added products. UNCTAD (2021) reported a growing demand for natural fibers and biodegradable materials in global markets. This provides a significant opportunity for coir-based MSMEs, particularly in producing geotextiles, horticulture products and environmentally sustainable home décor. With the right emphasis on innovation, branding and digital marketing, coir units in regions such as Coimbatore can tap into niche markets and strengthen their global footprint.

### **Significance of the Study**

The study was significant as it not only enriches academic discourse but also provides actionable insights for entrepreneurs, policymakers and society at large positioning coir-based MSMEs as drivers of sustainable growth, rural development and global competitiveness.

### Methodology

The Research study was mainly depends simple random sampling method. Primary data was collected by issuing the questionnaire. Present study has been focused on the coir units in Coimbatore district. There are 1694 coir units are functioning in Coimbatore District out of which 1000 coir units are registered with coir board of them, 220 coir units have been selected as the sample for the current study and 203 samples have considered for analysis.

### Hypothesis

- **H<sub>01</sub>:** There is no opportunity for the sustainability of coir business in the current Business scenario.

### Results and Discussion

**Table: 1 Opportunities for Coir Industry**

S.No	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	Weighted Average	Score
1	More Value added products can produced through coco products.	0	0	0	145	58	203	4.29	2
		(0.00%)	(0.00%)	(0.00%)	(28.57%)	(28.57%)	(100.00%)		
2	Scope for online processing of purchase and sales(both Local and global).	0	0	19	123	61	203	4.21	3
		(0.00%)	(0.00%)	(9.36%)	(30.05%)	(30.05%)	(100.00%)		
3	Trade fair and expos will grab the new opportunity for the business.	0	0	39	107	57	203	4.09	4
		(0.00%)	(0.00%)	(19.21%)	(28.08%)	(28.08%)	(100.00%)		
4	Eco friendly product and no pollution issue to the environment.	19	0	17	88	79	203	4.02	5
		(9.36%)	(0.00%)	(8.37%)	(38.92%)	(38.92%)	(100.00%)		
5		0	38	56	71	38	203	3.54	8

	High demand for coco and its Value added products in national and global market.	(0.00% )	(18.72 %)	(27.59 %)	(18.72 %)	(18.72 %)	(100.00 %)		
6	Direct marketing is possible without the interference of middlemen.	0	0	0	142	61	203	4.30	1
		(0.00% )	(0.00% )	(0.00% )	(30.05 %)	(30.05 %)	(100.00 %)		
7	Coir business have more opportunity for prosperity and business expansion	0	0	57	105	41	203	3.92	6
		(0.00% )	(0.00% )	(28.08 %)	(20.20 %)	(20.20 %)	(100.00 %)		
8	Entrepreneurs can avail more Support from Coir board/ Government and other associating bodies.	0	0	73	89	41	203	3.84	7
		(0.00% )	(0.00% )	(35.96 %)	(20.20 %)	(20.20 %)	(100.00 %)		

Table 1 illustrates the opportunities are present in the industry as assessed by respondents through the weighted average score method. The analysis indicates that the most notable opportunity lies in the potential for direct marketing without intermediaries (Weighted Score: 4.30, Rank 1), highlighting a clear inclination towards market independence. The opportunity to create additional value-added products from coco materials is rated highly (4.29), closely followed by the potential for online sales and purchase platforms (4.21), reflecting an increasing focus on innovation and digitalization. Moderate opportunities encompass involvement in trade fairs and expos (4.09) and environmentally friendly characteristics of coir products (4.02). Assistance from the government/Coir Board (3.84) and strong national/global market demand (3.54) are regarded as relatively less impactful opportunities. In conclusion, Table 24 indicates that entrepreneurial control and product diversification are regarded as the most promising avenues for growth for the sector.

### Discussion of Findings

The study provide valuable insights into the perceived opportunities within the coir industry, particularly for MSME units in Coimbatore district. The results indicate that respondents place the highest priority on direct marketing without intermediaries (Weighted Average: 4.30, Rank 1). This finding underscores the growing aspiration of entrepreneurs to establish direct linkages with consumers, thereby reducing dependency on middlemen, improving profit margins and enhancing

market competitiveness. Such independence aligns with the broader trends in MSME development where digital tools and e-commerce platforms are increasingly enabling producers to reach customers directly.

Closely following this, respondents highlighted the scope for value-added product diversification (Weighted Average: 4.29, Rank 2). The coir industry, traditionally known for mats, ropes and brushes, now has immense potential to expand into high-demand sectors such as coir composites, geotextiles, coir pith and home décor products. This suggests a readiness among entrepreneurs to move beyond conventional products and tap into the growing global demand for sustainable and eco-friendly alternatives.

The third-ranked opportunity was the potential for online platforms for sales and procurement (Weighted Average: 4.21, Rank 3). This finding reflects the increasing significance of digitalization in the MSME sector. With the proliferation of e-commerce marketplaces and B2B portals, coir entrepreneurs see online channels as effective tools for expanding their reach, particularly in export markets. This also complements the emphasis on direct marketing and supports the vision of reducing dependence on traditional distribution channels.

Moderately ranked opportunities, such as participation in trade fairs and expos (Weighted Average: 4.09, Rank 4), reveal the recognition of networking and visibility in driving business expansion. Trade exhibitions provide MSMEs the chance to showcase innovations, establish partnerships and gain exposure to international buyers. Similarly, the emphasis on eco-friendliness and environmental sustainability (Weighted Average: 4.02, Rank 5) reaffirms the industry's unique strength. In a global market increasingly conscious of sustainable products, coir enjoys a natural advantage, positioning it well to capture niche green markets.

However, opportunities such as government and Coir Board support (Weighted Average: 3.84, Rank 7) and national/global demand for coir products (Weighted Average: 3.54, Rank 8) were rated relatively lower. This may indicate that, although these factors are acknowledged, entrepreneurs perceive them as either inconsistent or not directly translating into tangible benefits. For instance, despite various government schemes and incentives, limited awareness, bureaucratic delays and accessibility issues often dilute their effectiveness. Similarly, while global demand exists, the ability of local units to capitalize on it may be constrained by factors such as certification, branding and export-readiness.

Overall, the discussion reveals a clear pattern. entrepreneurs value autonomy, product diversification and digital marketing strategies over traditional supports and broad market trends. This highlights a shift towards more proactive and innovation-driven approaches in strengthening the coir industry. To fully realize these opportunities, targeted interventions such as digital skill development, branding initiatives and product innovation support will be essential.

## Conclusion

MSME coir units in Coimbatore are strategically positioned to leverage their traditional strengths while adapting to modern market trends. The future of the sector lies in product diversification, digital transformation and sustainable practices, supported by strong institutional backing and proactive entrepreneurial initiatives. If these opportunities are systematically harnessed, the coir industry can not only strengthen its role in local economic development but also expand its footprint in global markets.

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