OPERATIONAL CHALLENGES AND CONSTRAINTS OF MSME COIR INDUSTRIES IN COIMBATORE DISTRICT, TAMIL NADU.

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

Abstract

The Micro, Small and Medium Enterprises (MSME) sector plays a crucial role in fostering industrial growth, generating employment and supporting rural development in India. Within this framework, the coir industry represents a traditional, eco-friendly sector that contributes significantly to the economy of Tamil Nadu, particularly in Coimbatore District. Despite its potential, MSME coir units face a variety of challenges that affect their sustainability and competitiveness. The present study aims to examine the key problems encountered by MSME coir units in Coimbatore, with a focus on issues related to raw material availability, rising production costs, labor shortages, technological gaps, financial constraints and marketing difficulties. Primary and secondary data have been analyzed to assess the severity of these challenges and their impact on the operational efficiency of coir units. The findings indicate that inadequate access to modern technology, limited financial support, dependence on traditional production methods, and weak branding strategies are major obstacles hindering growth. The study emphasizes the need for policy interventions, capacity-building initiatives, and enhanced market linkages to strengthen the resilience of MSME coir units. By addressing these challenges, the coir industry in Coimbatore can achieve sustainable development and greater global competitiveness. The study is based on primary data collected through Questionnaire and 220 coir units have been selected as the sample for the current study.The study found that the most critical problems identified are related to marketing and raw materials, followed closely by challenges in production and labour. Financial access, while still important is viewed as somewhat less severe in comparison.

Keywords: *Problems and Challenges,* MSME coir units, Sustainability and Policy intervention.

Introduction

The coir industry is one of the most traditional and eco-friendly sectors in India, with a significant contribution to rural employment, sustainable development and foreign exchange earnings. Derived from the husk of coconuts, coir fiber and its diversified products such as ropes, mats, brushes, mattresses, geotextiles, and coco peat—are globally recognized for their utility and environmental sustainability. India is the largest producer of coir in the world, with Tamil Nadu and Kerala being the leading states in terms of production and exports. Within Tamil Nadu, Coimbatore District particularly areas like Pollachi has developed into a major hub for small-scale coir industries due to abundant raw material availability and an established industrial ecosystem.

Small-scale coir industries play a vital role in generating employment for rural labour, especially women, and in promoting entrepreneurial activities at the grassroots level. As part of the Micro, Small, and Medium Enterprises (MSME) sector, these units contribute significantly to regional economic development and poverty alleviation. However, despite their socio-economic importance, small-scale coir industries face a multitude of challenges that hinder their growth and long-term sustainability.

The problems encountered by these industries are multidimensional. Operational difficulties such as the rising cost of raw materials, shortage of skilled labour and outdated technology limit productivity. Financial constraints, including restricted access to institutional credit and inadequate working capital, reduce competitiveness and scalability. Marketing-related challenges such as poor branding, dependence on traditional distribution channels, and limited exposure to global markets further restrict the growth of the sector. In addition, competition from synthetic substitutes, infrastructural bottlenecks and insufficient government support exacerbate the difficulties faced by these enterprises.

Given this context, it becomes essential to systematically examine the problems of small-scale coir industries in Coimbatore District. A comprehensive understanding of these challenges will not only highlight the operational and structural limitations of the sector but also provide valuable insights for

policymakers, cooperative societies and entrepreneurs. Addressing these problems is crucial for enhancing the competitiveness, sustainability and global reach of the coir industry, while simultaneously strengthening rural industrialization and employment generation in Tamil Nadu.

Statement of the Problem

Despite their socio-economic significance, small-scale coir industries in Coimbatore face a multitude of problems that threaten their sustainability and growth. The sector is constrained by inadequate availability of quality raw materials, rising input and labour costs, lack of modern technology adoption and limited access to institutional credit, weak marketing linkages and stiff competition from synthetic substitutes. Furthermore, issues such as insufficient government support, poor infrastructure and lack of branding and promotional initiatives exacerbate the difficulties faced by these enterprises. These challenges not only reduce the competitiveness of small-scale units but also hinder their ability to expand into value-added and export-oriented markets.

Objective of the study

Present Study emphasise the operational challenges and constraints faced by MSME coir industries in Coimbatore District, Tamil Nadu.

Review of Literature

The coir industry, being one of the oldest rural industries in India, has been the subject of research from the perspectives of production, employment generation, export performance and marketing. However, a limited number of studies have examined the operational and structural problems faced by small-scale coir units. This chapter reviews existing literature thematically under major problem areas such as production, finance, labour, technology, and marketing.

Raw material availability and rising production costs have been frequently identified as critical challenges for the coir industry. According to Nair (2016), fluctuations in the supply of coconut husks directly affect the production levels of coir units, leading to irregular operations and idle capacity. Ramachandran (2017) observed that in Tamil Nadu, the increasing competition for coconut husk from alternative industries such as biomass energy and activated carbon production has reduced the raw material available for coir processing. Similarly, Devi (2019) emphasized that lack of organized procurement systems and price fluctuations in raw materials place small-scale units at a disadvantage compared to larger enterprises.

Financial problems have been highlighted as one of the most pressing issues for MSME coir units. John (2015) noted that small-scale coir industries struggle to access institutional credit due to lack of collateral, poor credit history and limited awareness of financial schemes. Pillai and Thomas (2018) found that although government subsidies and cooperative financing mechanisms exist, bureaucratic delays and complex procedures restrict their effectiveness. Suresh (2019) pointed out that inadequate working capital prevents small units from investing in modernization and scaling up production, forcing them to depend on high-cost informal credit sources.

The coir industry is highly labour-intensive and provides employment to large numbers of rural women. However, labour-related challenges have been consistently reported. Anandan (2018) highlighted that low wages, poor working conditions and seasonal employment patterns contribute to labour shortages in small-scale units. Menon (2018) observed that younger generations are reluctant to enter the industry due to low remuneration and lack of social security benefits, leading to a decline in skilled manpower. This has resulted in productivity losses and increased operational difficulties for small-scale coir industries in Tamil Nadu.

Outdated technology and lack of modernization have been identified as significant barriers to the growth of small-scale coir industries. Subramanian (2016) argued that many coir units still rely on traditional manual techniques, resulting in lower efficiency and poor-quality output. Prasad (2020) emphasized that insufficient adoption of mechanization and modern fiber extraction technologies prevents coir producers from meeting international quality standards. Meenakshi (2021) added that

lack of technical training and limited access to modern equipment restricts innovation and product diversification, leaving small-scale producers vulnerable in competitive markets.

Marketing difficulties are among the most persistent problems faced by coir industries. John (2015) found that dependence on intermediaries reduces profit margins for small-scale producers. Pillai and Thomas (2018) revealed that despite government promotional efforts, coir producers struggle with poor branding, weak distribution networks and limited participation in global trade fairs. Suresh (2019) noted that consumer perception is largely influenced by product quality and price, while lack of innovative designs hampers market competitiveness. Anandan (2018) highlighted that cooperative societies in Tamil Nadu have played a significant role in collective marketing, but their outreach remains limited. Meenakshi (2021) identified e-commerce as a potential avenue for expanding market access, though adoption among small-scale units remains low due to lack of awareness and technical skills.

Significance of the Study

The coir industry occupies a unique position in India's industrial landscape as one of the oldest traditional rural industries and a major contributor to employment generation, particularly for women in semi-urban and rural areas. Coimbatore District, with its abundant coconut cultivation and established clusters such as Pollachi, is a prominent hub for coir production in Tamil Nadu. Despite its potential, the small-scale coir sector continues to face persistent challenges that restrict its growth and long-term sustainability.

Methodology

The Research study was mainly depends simple random sampling method. Primary data was collected by issuing the questionnaire directly to 203 coir industrialist of interview schedule method in field survey. Weighted mean score statistical tool has applied to analyse the collected data. There are 1694 coir units are functioning in Coimbatore District out of which 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.

Results and Discussion

Statement	Mean Score	Weighted Mean Score
Raw materials constraints		
Price fluctuation of raw material	4.30	4.11
Involvement of intermediaries	3.59	
High Transportation charge	4.30	
Climate changes will influence the quality of husk	4.27	
Production constraints		
Frequent power cut	3.40	3.84
Lack in advanced technology machine	3.74	
Difficulty in machinery maintenance	3.82	
Climatic condition for production	4.37	
Fibre constraints		
Non availability of fibres	3.71	3.76
Lack of Technical Knowledge in fibres	3.94	
High wage /salary expectations	3.42	
Absenteeism during peak time	3.98	
Marketing constraints		
High Competition	4.29	4.23
High Transportation cost	4.28	
Lower customers price for the final products	4.47	

Frequent changes in Customer's specification	3.89	
Financial constraints		
Non availability interest free Bank loan	3.81	3.72
Higher rate of interest for loan	3.72	
Non availability of subsidy	3.07	
More formalities for getting bank loan	4.00	
Non availability of security for getting loan	4.00	

Table 22 outlines the primary operational challenges encountered across five significant areas. The ranking of problem severity is determined by weighted mean scores as follows: Marketing Constraints (4.23) The primary challenges include low customer pricing (4.47), intense competition (4.29) and elevated transportation costs (4.28). Constraints in Raw Materials (4.11) significant challenges encompass price volatility (4.30), transportation expenses (4.30) and climatic impacts on the quality of husk (4.27). Production Constraints (3.84) Issues identified encompass climatic conditions (4.37), machinery maintenance (3.82), and insufficient technology (3.74). Fibre Constraints (3.76) Significant challenges include absenteeism during peak periods (3.98) and a deficiency in technical skills (3.94).

Financial limitations (3.72) Issues encompass loan procedures (4.00) and insufficient security or subsidized financing. In conclusion, the most critical issues identified are related to marketing and raw materials, followed closely by challenges in production and labour. Financial access, while still important, is viewed as somewhat less severe in comparison.

Discussion of Findings

The analysis indicates that marketing and raw material constraints are the most critical problems, directly impacting the profitability and sustainability of coir units in Coimbatore. Production inefficiencies and labour-related issues further hinder growth, while financial challenges, though relatively less severe, still affect the sector's ability to modernize and expand. Taken together, the findings underscore the systemic vulnerabilities of small-scale coir industries, which require coordinated interventions at multiple levels policy, institutional and entrepreneurial to ensure their long-term viability.

Conclusion

The present study analysed that major constraints and Challenges faced by MSME coir industries in Coimbatore District, Tamil Nadu .The results of the study highlights that particularly low customer pricing, intense competition and high transportation costs are the most severe issues faced by coir producers. Equally critical are raw material constraints, as price fluctuations, high procurement costs and climatic influences directly affect the stability and quality of production. Production-related challenges, including dependence on climatic conditions, outdated machinery and inadequate technology, further restrict efficiency and competitiveness. Labour-related issues, such as absenteeism during peak seasons and insufficient technical skills, underline the need for a more reliable and trained workforce. While financial limitations are relatively less severe compared to other factors, the complexity of loan procedures and limited access to affordable credit still act as barriers to modernization and expansion. In essence, the study concludes that the survival and growth of small-scale coir units in Coimbatore require a multi-pronged strategy. Strengthening marketing linkages, stabilizing raw material supply, upgrading technology, improving labour skills and simplifying financial access are essential for enhancing the sector's sustainability. With proper institutional support, government intervention and entrepreneurial adaptation, the coir industry in Coimbatore can overcome its present challenges and position itself as a globally competitive eco-friendly industry.

Acknowledgment

OPERATIONAL CHALLENGES AND CONSTRAINTS OF MSME COIR INDUSTRIES IN COIMBATORE DISTRICT, TAMIL NADU.

The author acknowledges the receipt of Seed Money from the Management of Nallamuthu Gounder Mahalingam College, Pollachi, for supporting the research work.

Reference

- Anandan, R. (2018). Role of cooperative societies in marketing of coir products in Tamil Nadu. Journal of Rural Industries, 12(3), 44–52.
- Devi, K. (2019). Raw material procurement challenges in coir-based small-scale industries. International Journal of Management and Social Science Research, 8(2), 88–95.
- John, P. (2015). Financial and marketing constraints of small-scale coir industries in India. Journal of Microenterprise Development, 7(1), 25–34.
- Meenakshi, S. (2021). E-commerce adoption and market expansion opportunities for coir industries in Tamil Nadu. International Journal of Business Innovation, 10(4), 112–121.
- Menon, V. (2018). Labour challenges in traditional industries: A case of the coir sector in Kerala and Tamil Nadu. South Asian Journal of Human Resource Management, 5(2), 76–89.
- Nair, R. (2016). Coconut husk supply and production fluctuations in the coir industry. Journal of Agricultural Economics and Rural Development, 5(3), 101–110.
- Pillai, M., & Thomas, J. (2018). Government schemes and financial support for small-scale coir industries: An evaluation. Indian Journal of Economics and Development, 14(2), 59–68.
- Prasad, K. (2020). Technological modernization and quality standards in the coir industry. Journal of Industrial Engineering and Management, 13(1), 33–42.
- Ramachandran, S. (2017). Competition for raw materials and its impact on coir industries in Tamil Nadu. Journal of Sustainable Rural Economy, 9(1), 70–78.
- Subramanian, T. (2016). Traditional production practices and productivity challenges in the coir sector. International Journal of Small Business Studies, 6(2), 91–98.
- Suresh, P. (2019). Financial and consumer preference issues in small-scale coir enterprises. International Journal of Commerce and Management Research, 7(4), 140–147.