

DETAILED PROJECT REPORT

Cluster Location: KANGAYAM, TIRUPUR DISTRICT
(Kangayam Coir Cluster Pvt Ltd, Kangayam)

Submitted to
Coir Board, Kochi



Prepared by:



ITCOT Consultancy and Services Ltd.

(Joint venture of ICICI, IDBI, IFCI, SIPCOT, TIIC, SIDCO and BANKS)

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EXECUTIVE SUMMARY

01.	Name of the cluster	Kangayam Coir Cluster Private Limited, Kangayam.														
02.	Type of Cluster	Major Cluster														
03.	Location & Spread of the cluster	The cluster area is located in Kangayam Block, Tirupur District. The cluster spread includes 15 Village Panchayats and the Geographical spread of the cluster measures about 10-15 Km radius														
04.	Product range	The existing range of coir products produced in the cluster are: <ul style="list-style-type: none"> • Coir Fibre • Coir Yarn 														
05.	Size of cluster & Type of units	The total number of coir units available in the cluster area is around 90 units of which 10 Nos. are engaged in Fibre Extraction, 80 Nos. engaged in Yarn Spinning. The total number of beneficiaries estimated to be around 650 members which include the labor force in the cluster. Based on the number of cluster beneficiaries, the cluster is typified as Major Cluster.														
06.	Production & Turnover of Coir products in the cluster	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Activity</th> <th style="text-align: center;">No. of Units</th> <th style="text-align: center;">Annual production (in tons)</th> <th style="text-align: center;">Annual Turnover (Rs.in Lakhs)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Fibre Extraction</td> <td style="text-align: center;">10</td> <td style="text-align: center;">3000</td> <td style="text-align: center;">660</td> </tr> <tr> <td style="text-align: center;">Yarn Spinning</td> <td style="text-align: center;">80</td> <td style="text-align: center;">5760</td> <td style="text-align: center;">2100</td> </tr> </tbody> </table>			Activity	No. of Units	Annual production (in tons)	Annual Turnover (Rs.in Lakhs)	Fibre Extraction	10	3000	660	Yarn Spinning	80	5760	2100
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Fibre Extraction	10	3000	660													
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07.	Employment & Income level	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Activity</th> <th style="text-align: center;">Male</th> <th style="text-align: center;">Female</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Fibre Extraction</td> <td style="text-align: center;">25</td> <td style="text-align: center;">225</td> <td style="text-align: center;">250</td> </tr> <tr> <td style="text-align: center;">Yarn Spinning</td> <td style="text-align: center;">80</td> <td style="text-align: center;">320</td> <td style="text-align: center;">400</td> </tr> </tbody> </table> <p>The income level for the labours in the cluster is Rs.250/- for male workers and Rs.180/- for female workers.</p>			Activity	Male	Female	Total	Fibre Extraction	25	225	250	Yarn Spinning	80	320	400
Activity	Male	Female	Total													
Fibre Extraction	25	225	250													
Yarn Spinning	80	320	400													

08.	Key Concern areas of the cluster	<ul style="list-style-type: none"> • Cluster's present production is limited to intermediate products such as fibre, yarn etc., which fetches reduced margin only. • Lack of awareness on the benefits of graduating to production of value added finished products. • Production of value added products is less with respect to the availability of raw material and market requirements. • Absence of collective/collaborative efforts to address common problems, as no registered association exists in the cluster. • Lack of individual capacity to venture into the production of value added products. • Purely depends on the local trader / marketer to sell their products even though there is huge scope for domestic and export market.
09.	Proposed Strategic Interventions	<p>Soft Interventions:</p> <ul style="list-style-type: none"> • Capacity Building • Market Promotion <p>Hard Interventions (Common facility creation):</p> <ul style="list-style-type: none"> • Building for Common facility • Common facilities proposed: <ol style="list-style-type: none"> 1) Two ply coir yarn Spinning 2) Geo Textiles 3) Coir Mattings <p>Thematic Interventions: Participation in activities such as national and international level brand promotion campaigns, New Media marketing, E-commerce initiatives etc., as detailed in the SFURTI implementation guidelines</p>
10.	Budget for Soft interventions	Rs. 25.00 Lakhs

11.	Budget for Hard interventions	Rs.299.00 Lakhs
12.	Total Project cost (including Agencies cost)	Rs.404.94 Lakhs
13.	Means of Finance	Grant under SFURTI scheme : Rs. 289.19 lakhs IA/SPV share : Rs. 115.75 lakhs
14.	Post Intervention Scenario (Expected Impact)	<ul style="list-style-type: none"> ➤ Production of value added competitive products and marketing through strengthened marketing linkages (both domestic and export) ➤ Increase in the overall turnover of the cluster by 25% ➤ Strengthened backward linkage with Fibre extraction units ➤ Increased income level of workers in Fibre extraction units by 10 - 15% ➤ Emergence of specialized support service providers and their active involvement in the development process ➤ Establishment of new units by converging various schemes of State and Central Governments (such as Coir Udyami Yojana, NEEDS, PMEGP, UYEGP, etc.) resulting in additional investments in Coir sector by the cluster members ➤ Improved access to financial capital for cluster members ➤ Knowledge Outreach : Exposure of cluster members to buyers beyond their local areas would have an immediate impact on their knowledge and ambitions
15.	Cluster Management	The cluster is proposed to be developed under SFURTI (Scheme of Fund for Regeneration of Traditional Industries). The Coir Board is the Nodal agency (NA) and ITCOT Consultancy and Services Limited is the Technical Agency (TA) appointed by Coir Board. MYRADA, the NGO is proposed as the Implementing Agency (IA).

		<p>A Special Purpose Vehicle (SPV) is formed and registered as Private Limited Company under Companies Act 1956 (No.1. of 1956) in the name of "KANGAYAM COIR CLUSTER PRIVATE LIMITED" as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 29 October 2012. Currently the SPV has 16 members and the SPV will be strengthened to manage the Cluster activities in sustainable nature after the project implementation is over.</p>
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PREAMBLE

The Coir industry has to its credit a tradition and heritage of centuries. But development of Coir industry in India has begun in an organized way only in 1959. Ever since this humble beginning, Coir products have been improving in quality, quantity and variety. For historical reasons, cultivation of coconuts and extraction of Coir fibre and its further processing have taken deep roots in the state of Kerala. The rapid expansion of coconut cultivation in non-traditional areas increased the production of coconut and the industry has also developed gradually in the states of Tamil Nadu, Karnataka, Andhra Pradesh and Orissa. Coir industry in India is one of the important rural industries. It provides source of income to about 5 lakhs artisans in rural areas. Women constitute about 80% of the work force in coir industry.

Coir has come a long way from the ancient uses. It is still used for agricultural and domestic purposes. It has also become an article of use in modern life either as garden article, as bags for the tea leaves, for training hops, as brush mats at the door steps, as long-wearing carpets in the corridors of the bungalow veranda, as tastefully planned floor coverings in the drawing room or as the runner on the staircase, as geo-fabric for controlling landslide or soil erosion, for protection of embankments of roads, railway and canals.

With a view to making the traditional coir industries more productive and competitive and facilitating their sustainable development, the Central government has announced Scheme of Fund for Regeneration of Traditional Industries (SFURTI). ITCOT Consultancy and Services Ltd. (ITCOT) has been appointed as Technical Agency by Coir Board for SFURTI Coir clusters in Tamilnadu. Subsequently, Coir Board has entrusted the task of preparation of Detailed Project Report for the Coir Cluster located at Kangayam in Tirupur District to ITCOT Consultancy and Services Ltd., Chennai. Accordingly, ITCOT has prepared the Detailed Project Report for submitting the same for seeking approval from the Scheme Steering Committee (SSC).

This report is prepared based on interaction with coir industrialists in the clusters, coir industry workers, industry association members, NGO's and support institutions in the district, Informal interviews with industry participants, machinery suppliers and experienced entrepreneurs, collection of secondary information etc.

The Chapter scheme of the diagnostic study report is as follows:

Cluster Profile is given in Chapter 1. Cluster Value Chain Mapping is given in Chapter 2. Market assessment and Demand Analysis is given in Chapter 3. SWOT and Need Gap Analysis is given in Chapter 4. Profile of the Implementing Agency in Chapter 5. Project Concept and Strategy Framework are detailed in Chapter 6. Core SFURTI Project Interventions are given in Chapter 7. Detailed analysis of Soft Interventions is given in Chapter 8 and analysis of Hard Interventions is given in Chapter 9. Project Cost and Means of Finance (Core SFURTI) is given in Chapter 10. Plan for Convergence Initiatives are given in Chapter 11. Enhanced Project Cost and Means of Finance are given in Chapter 12. Project Timeline is illustrated in Chapter 13. Detailed Business Plan is given in Chapter 14. Proposed Implementation Framework is given in Chapter 15. Expected Impact is detailed in Chapter 16.

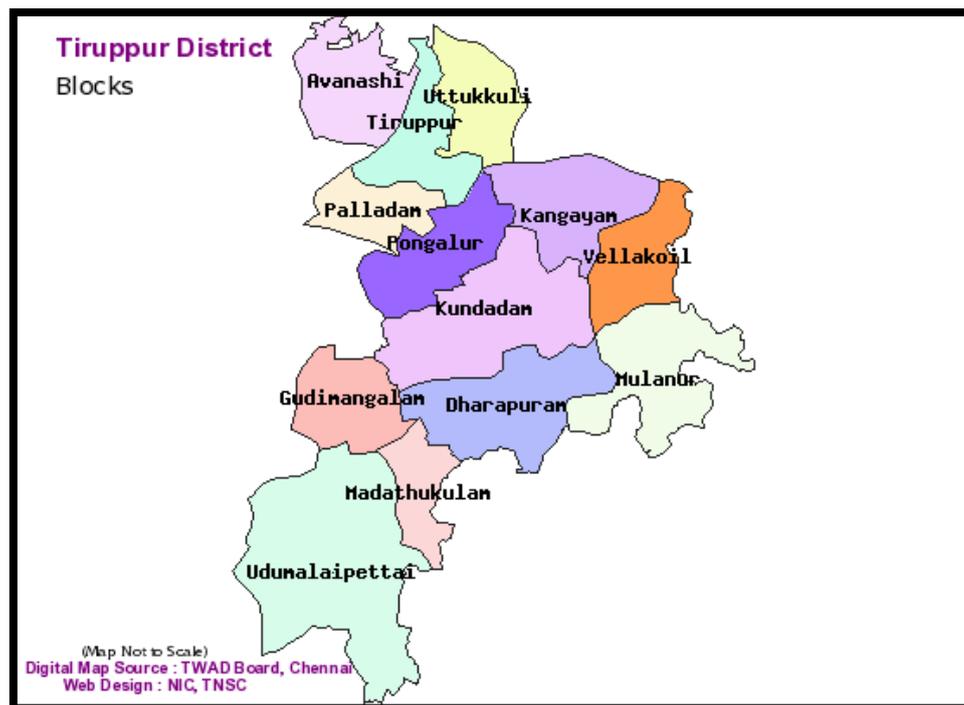
1 CLUSTER PROFILE

1.1 BACKGROUND

Tiruppur District of the state Tamil Nadu is formed in February 2009. The district is surrounded by Dindigul, Karur, Erode and Coimbatore districts of Tamilnadu. The district is well-developed and industrialized. The Tiruppur textile industry, the cotton market, Coconut & Coir Industries and the famous Uthukkuli butter, among other things, provide for a vibrant economy. The city of Tiruppur is the administrative headquarters for the district.

1.2 Regional setting of the Cluster

The regional setting of the cluster Kangayam Block in Tiruppur district. The block map of Tiruppur district is given below:



1.3 Location

The cluster spread includes 15 Village Panchayats of Kangayam block in Tiruppur District. The Geographical spread of the cluster measures about 10-15 Km radius. There are 15 village panchayats in Kangayam block, listed as below:

S.No	Village Panchayat
1	Alambadi
2	Balagamudrampudur
3	Ganapathipalayam
4	Keeranur
5	Maravapalayam
6	Marudurai
7	Nathakadiyur
8	Padiyur
9	Palayakottai
10	Pappini
11	Paranjervali
12	Pothiyapalayam
13	Sivanmalai
14	Thammareedipalayam
15	Veeranampalayam

1.4 Evolution of the Cluster

The Cluster is naturally evolved one. The total coconut cultivation area of Tirupur district is 56484 hectares (139515 Acres) mainly in Palladam, Udumalpet, Gudimangalam and Kundadam blocks in Tirupur district. The total production of nuts in the district is 3613 lakh nuts and the productivity is 6397 nuts/Ha.

Coir, being the natural fibre extracted from the husk of Coconut, Coir industries started flourishing in the district owing to the local availability of raw material and naturally the cluster evolved.

1.5 Demography and Growth trends

The statistical data of Tirupur district as per Census 2011 and the growth aspects with respect to Census 2001 is given below:

Description	2011	2001
Actual Population	2,479,052	1,920,154
Male	1,246,159	978,349
Female	1,232,893	941,805
Population Growth	29.11%	25.34%
Area Sq. Km	5,187	5,187
Density/km2	478	367
Proportion to Tamil Nadu Population	3.44%	3.08%

1.6 Socio-economic aspects

The significance of coir industry arises primarily from the fact that a large a number of people from the economically weaker sections of the society depend on this industry at the current level of production of coir, the industry utilizes about 40% of the annual yield of coconut husk in the country. There is possibility to increase the utilization to at least 60% of husk production. Therefore, there exists vast potential for stepping up of production of coir in India. The increased utilization of coconut husk abundantly available in the coconut growing states of India provides scope for development of fibre processing sector and thereby augmenting rural employment.

1.7 Human Development Aspects

The total number of workers engaged in the Coir activity gender wise is given below:

Activity	Male	Female	Total
Fibre Extraction	25	225	250
Yarn Spinning	80	320	400

The existing income level of the labour force in the Coir sector of the district is given below:

Activity	Wages per day	
	Male	Female
Fibre Extraction	250	180
Yarn Spinning	250	180

It is observed that the income level for all activities is same for male as well as for female workers. Among these workers, 80% belongs to OBC category, 10% SC category and remaining 10% belongs to other categories.

1.8 Key Economic Activities in the region

Tirupur is the most prominent textile (Hosiery) cluster of South India. The textile industry in Tirupur has undergone a significant transformation over the decades, from a few hosiery units in the early 1900s to becoming a prominent cluster of small and medium scale textile enterprises engaged in the production and export of a range of knitted apparels. The industry earns a significant amount of foreign currency by contributing to more than 60% of the cotton knitted readymade garment exports from India, worth an estimated US \$ 1 bn.

Agriculture is a predominant activity in Tirupur district. The total coconut cultivation area of Tirupur district is 56484 hectares (139515 Acres) mainly in Palladam, Udumalpet, Gudimangalam and Kundadam blocks in Tirupur district. The total production of nuts in the district is 3613 lakh nuts and the productivity is 6397 nuts/Ha.

Apart from agriculture, Coir Fibre extraction and Yarn spinning are major activities undertaken in the district. In the cluster, there are about 10 units engaged in coir fibre extraction. The current output of coir fibre is estimated at 3000 MT per annum. The annual turnover out of coir fibre production in the cluster is estimated at Rs.660 Lakhs. There are about 80 units engaged in coir yarn spinning in the cluster. The current output of coir yarn is estimated at 5760 MT per annum. The Annual turnover out of coir yarn spinning in the cluster is estimated at Rs.21.00 Crores.

1.9 Infrastructure – social, physical, financial and production related

The infrastructure details of Tiruppur district is tabulated as below:

1.	Area	:	5186.34 Sq.K.M.			
2.	Population (as per Provisional 2011 Census)	:	24,79,052			
			Male	Female	Others	Total
			12,46,159	12,32,893	0	24,79,052
			Rural	Urban	Total	
			9,57,941	15,21,111	24,79,052	
3.	No.of Revenue Divisions	:	3, Tiruppur , Dharapuram & Udumalpet			
4.	No.of Taluks	:	9			
5.	No.of Revenue Villages	:	350			
6.	No.of Panchayat Unions	:	13			
7.	No.of Village Panchayats	:	265			
8.	No.of Town Panchayats	:	16			
9.	No.of Municipalities	:	5			
10.	No.of Corporation	:	1 - Tiruppur			
11.	No.of Parliamentary constituencies	:	5 - 1)Tiruppur (Part), 2)Pollachi(Part), 3) The Nilgiris (Part), 4)Coimbatore(Part) and 5) Erode(Part).			
12.	No.of Assembly constituencies	:	8			
13.	Irrigation (Major Ayacut Area)	:	1. P.A.P.		120685 Hec.	
			2. Amaravathi-Dam		10223 Hec.	
			Amaravathi - River		25250 Hec.	
			3. Lower Bhavani Project		4082 Hec.	
14.	Road	:	1. State Highways		625.516 km	
			2. Sugarcane Road		103.771 km	
			3. Other District Roads		1634.661km	
			4. Major District roads		471.750 km	
			5. National Highways		NH47- 35km	
				NH67– 68km		
				NH209 – 25km		

The Industrial Estates located in Tiruppur District are:

- SIDCO, Harvey Road, Tiruppur
- THADCO Estate, Mudalipalayam

- SIDCO, Ganapathipalayam
- TEKMA, Chettipalayam
- SIDCO, Gudimangalam
- SIDCO, Dharapuram
- Nethaji Apparel Park, New Tiruppur
- Sakthi Industrial co-op estate, Udumalpet
- Palladam Hi-tech weaving park

There are totally 7068 registered Small scale industries and 69 Medium scale industries in Tirupur district.

2 CLUSTER VALUE CHAIN MAPPING

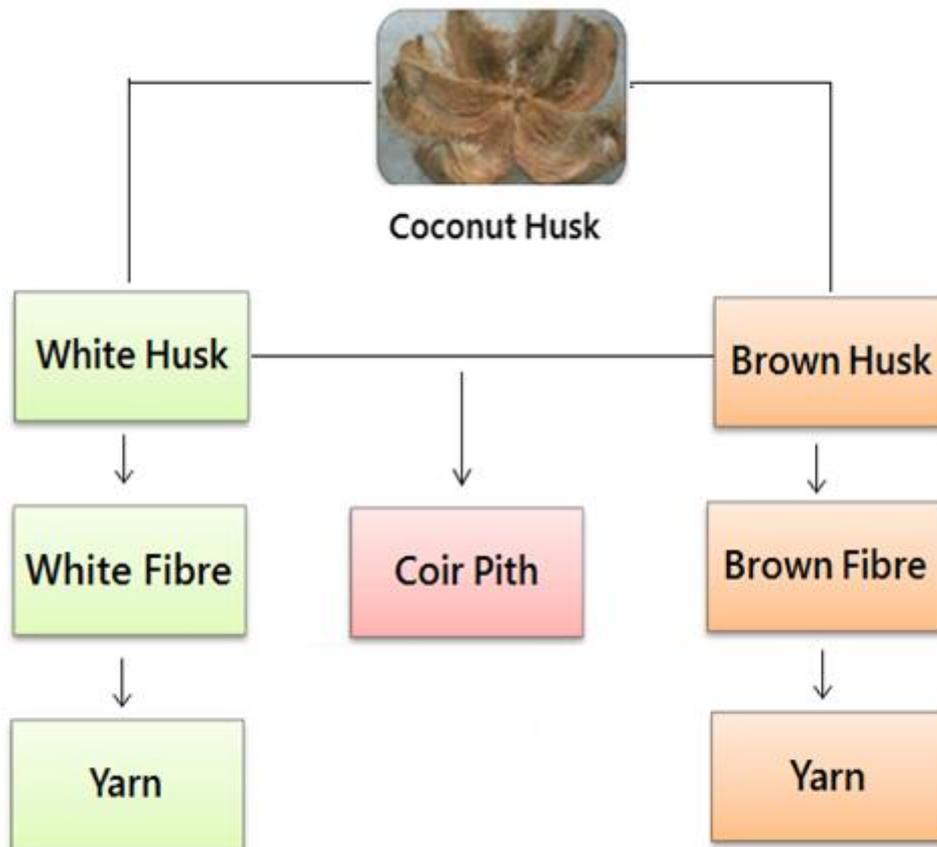
2.1 Product Profile

The following products are produced in the cluster presently.

- Coir Fibre
- Coir Yarn

2.2 Production Process

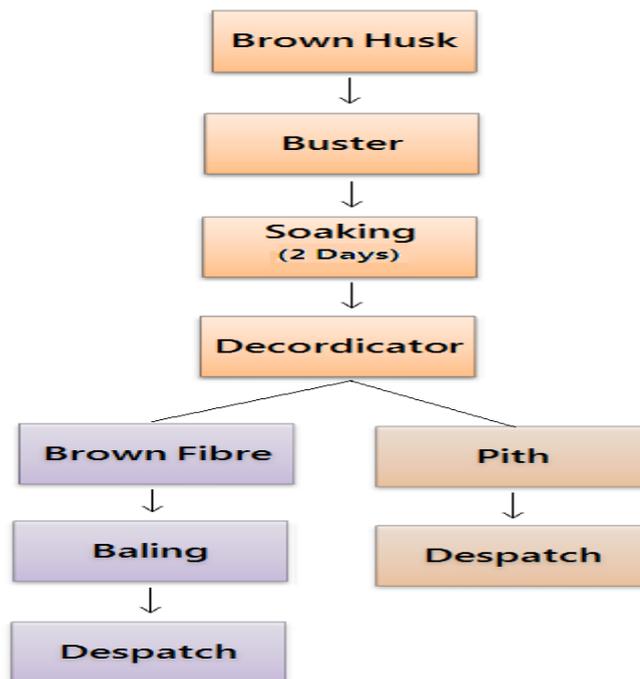
The Product flow from the raw material is depicted in the chart below:



Coir Fibre :

The coconut husk (raw material) is collected from the farms and stored. The collected husk is soaked in water. Then soaked material is fed into the decorticator wherein the fibre and pith are separated. The fibre is dried in the sunlight and is pressed in the form of 35-Kg bundles by using balling press and dispatched for sales.

The process flow of fibre extraction from Brown husk is given below:



Coir Yarn:

Coir yarn spinning is similar to cotton yarn spinning. The processes involved given here under:

- a. Willowing
- b. Slivering
- c. Spinning
- d. Winding

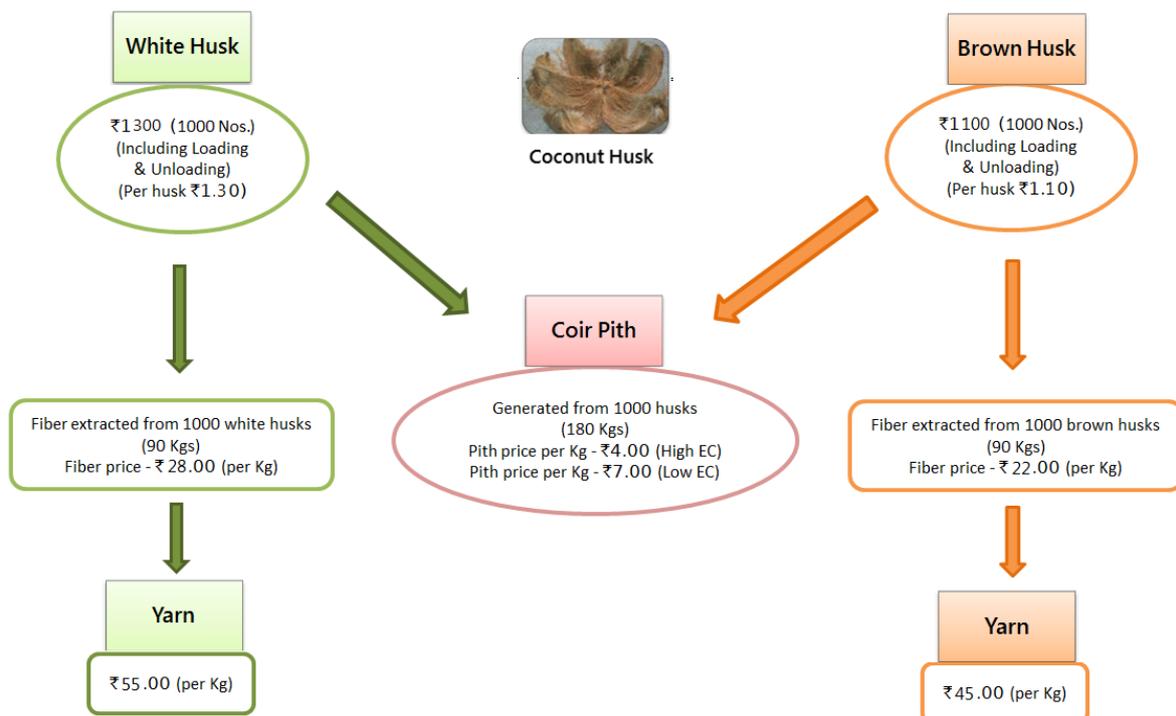
Coir fibre obtained from fibre extraction units and is wetted by spraying water. After 2-3 hours, the wetted fibre is passing through the willowing machine to remove the impurities and the place the fibre and parallel to each other. The fibre is then fed in to slivering machine wherein it is converted in to sliver form. The slivers are spun into yarn as per specifications in the spinning machine. The yarn is then cleaned and wound in to rolls and is now ready for the market.

The process flow chart for Coir yarn spinning is given below:



2.3 Value Chain Analysis

The incremental value of the cluster products from the basic raw material to the final product manufactured in the cluster is given below:

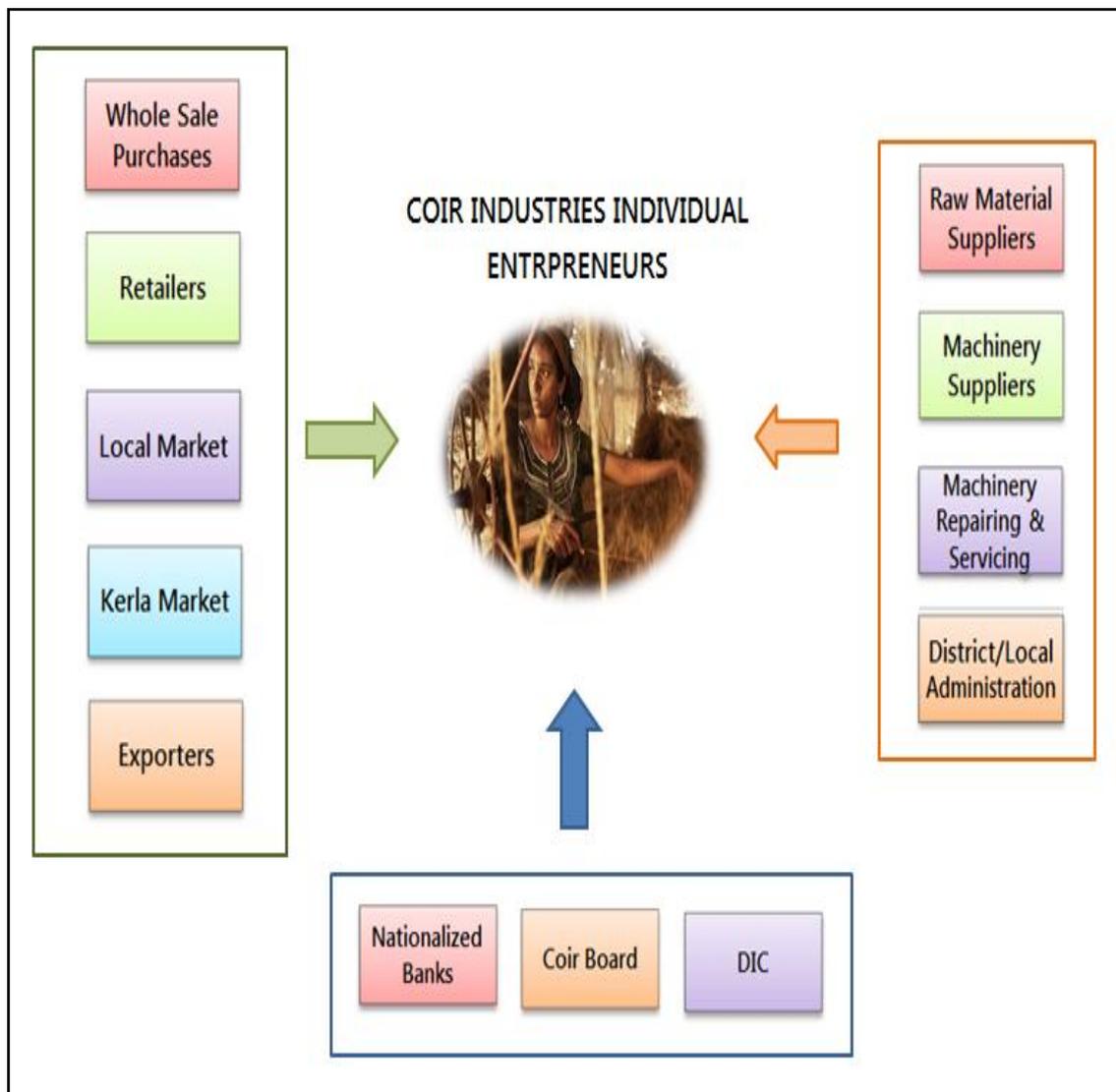


It is observed that the value addition in the cluster is limited to intermediate product level and the need and scope for value addition for coir sector in the cluster is considered significant. The cost of Green husk including loading and unloading is

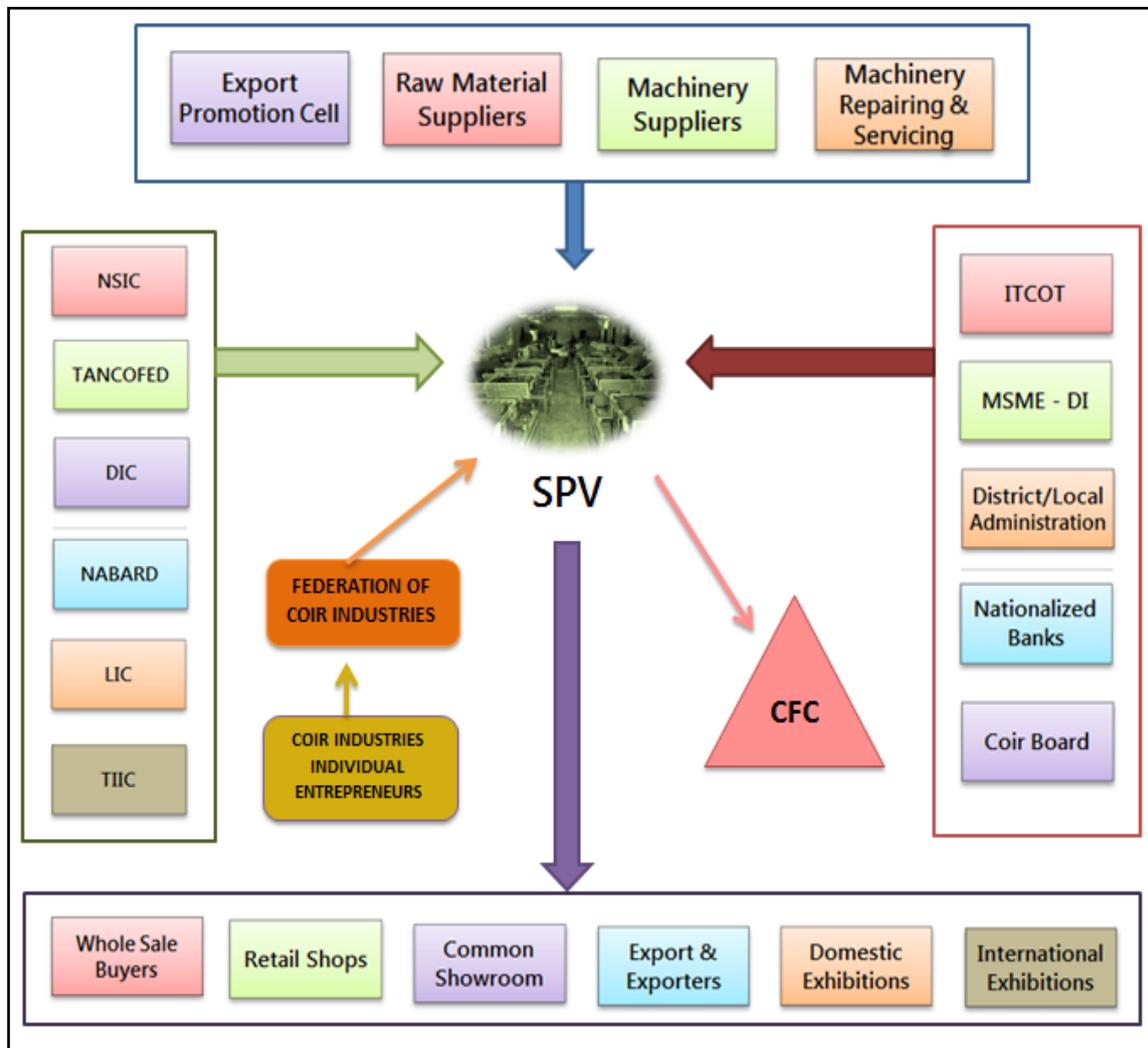
valued at Rs.1.30, which is incremented to Rs.28.00 per Kg. of fibre, which is further incremented to Rs.55.00 per Kg. of yarn. Similarly the cost of Brown husk including loading and unloading is valued at Rs.1.10, which is incremented to Rs.22.00 per Kg. of fibre, which is further incremented to Rs.45.00 per Kg. of yarn.

2.4 Cluster Map

The **Pre-intervention Cluster map** depicting the existing linkages of the cluster is given below:



The **Post-interventions Cluster map** depicting the linkages after the implementation of cluster development initiatives is given below:



2.5 Principal Stakeholders

COIR BOARD

Coir Board is the Nodal Agency for the SFURTI scheme. The coir Board set up by the Government of India under an act of parliament the coir Industry act 1953. Coir Board provides financial, market development, skill training assistance for the development of coir Industry and also extends the technical guidance and advice for setting up of new units as well as for renewal/modernization of existing units for development and

increasing productivity, quality up-gradation etc. The Regional Office of Coir Board is located at Pollachi which is near about 45 kms from the cluster area.

DISTRICT INDUSTRIES CENTRE (DIC)

The District Industries Centre, located in all district headquarters, is the State government body functioning under the aegis of department of industries and commerce. DIC implements various schemes (UYEGP, NEEDS, PMEGP etc.) to promote MSME sector.

TAMILNADU CORP. FOR DEVELOPMENT OF WOMEN (TNCDW)

TNCDW is one of the government agencies implementing many schemes for Self Help Groups. They also implement Tamil Nadu State Rural Livelihood Mission (TNSRLM) towards poverty eradication.

NABARD

NABARD is the financial institution focusing on Agriculture and Rural Development activities. Presently, they are also focusing on artisan cluster development.

LEAD BANK

Canara Bank is the lead bank in Tirupur district. Lead bank will coordinate the credit activities of banks in the district in addition to performing leading role in schemes launched by State / Central Governments.

TAMIL NADU AGRICULTURAL UNIVERSITY (TNAU)

TNAU, the premier agricultural university, is located in Coimbatore, which is about 50 kms from the cluster. TNAU is the leading Agro technology provider in India.

ITCOT Consultancy and Services Limited (ITCOT)

ITCOT Consultancy and Services Limited, popularly known as ITCOT, is the state technical consultancy organization, promoted by all India financial institutions, State Development Corporations and Commercial Banks. ITCOT has wide experience in providing support services to micro and small enterprises under various government schemes. ITCOT, having its head office at Chennai, has project offices at Erode and

Salem involved in enterprise promotion and development. ITCOT has been empanelled as Technical Agency under SFURTI scheme by KVIC and Coir Board.

Commercial & Cooperative Banks

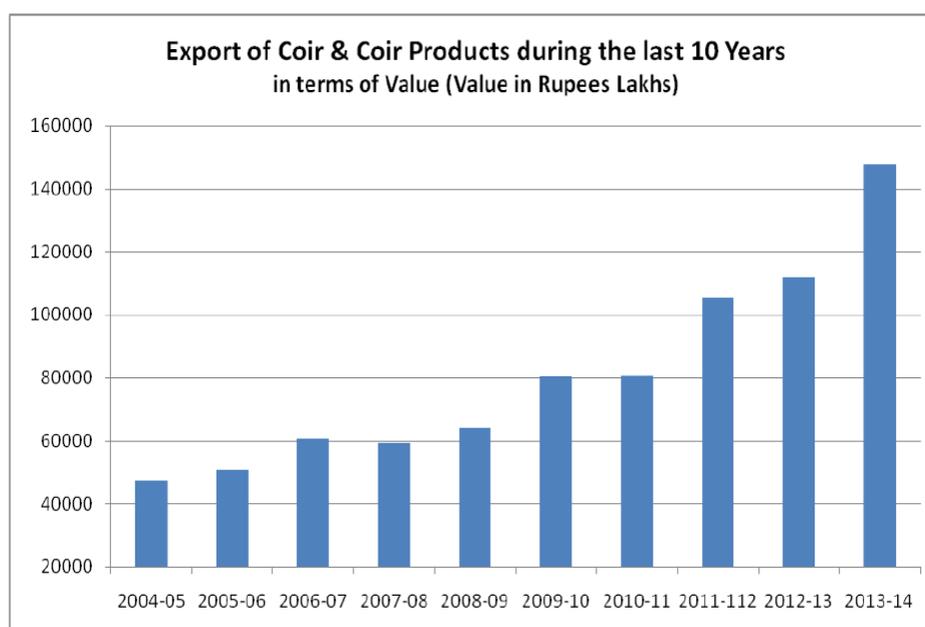
There is a good network of commercial Cooperative banks in the cluster. They offer both cash credit and term loan facilities to the coir industry. However, institutional finance for coir industry is limited and there is a large gap between the need for the credit and its availability.

3 MARKET ASSESSMENT AND DEMAND ANALYSIS

Coir industry is of great importance to the coconut producing states in India, as it contributes significantly to the economy of rural areas. Kerala is the largest producer of coconut, contributing as much as 45% of country's total production, whereas Tamilnadu stands second in cultivation of coconut and first in production of brown coir fibre in the country. The State wise potential for production of Coir Fibre is given below:

S.No.	State	Area ('000 Ha)	Production (in million nuts)	Coir fibre potential @ 60% husk utilization (MT)
1	Kerala	766.00	7057.88	338778
2	Tamilnadu	430.70	6211.21	298138
3	Karnataka	511.00	5915.33	283936
4	Andhra Pradesh	142.00	1985.00	95280
5	Orissa	53.90	403.25	19356
6	West Bengal	29.10	395.28	18973
7	Gujarat	20.90	340.58	16348
8	Assam	20.80	304.47	14615
9	Other states/UTs	96.30	738.20	35403
	Total	2070.70	23351.20	1120827

The export of coir products are in the increasing trend during the last 10 years as illustrated in the graph below:



The major products that are exported are Coir fibre, Coir pith and Mats. It has been observed that the percentage growth in value of export of Coir fibre has been 58.77% in 2013-14 compared to the previous year. Also the percentage growth in value of export of Coir pith has been 38.20% in 2013-14 compared to the previous year. The Product wise export details of coir products in 2013-14 is given below:

Q=Quantity in M.T					V= Value in Rs.Lakhs	
	April -2013 - March 2014		April-2012 - March- 2013		%Growth Cumulative	
Item	Q	V	Q	V	Q	V
Coir Fibre	173902	32878.11	140693	20707.66	23.60	58.77
Coir Yarn	4247	2848.26	4202	2387.22	1.07	19.31
Handloom mat	22609	23623.82	24151	22810.10	-6.38	3.57
Powerloom mat	234	278.36	2	3.15	11600.00	8736.83
Tufted mat	43752	41776.39	37289	33572.91	17.33	24.43
Handloom matting	3425	3353.91	1418	1702.77	141.54	96.97
Powerloom matting	0	0	0	0	0.00	0.00
Geo textiles	4468	3503.78	3597	2628.74	24.21	33.29
Coir rugs & Carpet	93	105.99	95	133.38	-2.11	-20.54
Coir rope	498	390.17	420	282.41	18.57	38.16
Curled Coir	11263	2947.93	8883	2112.46	26.79	39.55
Rubberised Coir	965	1560.76	322	495.01	199.69	215.30
Coir pith	271495	34173.23	208399	24727.61	30.28	38.20
Coir other sorts	89	163.13	30	39.33	196.67	314.77
Total	537040	147603.84	429501	111602.75	25.04	32.26

Quantities Rounded

The percentage of share of each product with respect to total exports, both in Quantity and Value for the year 2013-14 is given below:

Composition of Export (Share in %)

Name of the item	Apr2013-March 2014		Apr2012-March 2013	
	Qty %	Value%	Qty %	Value %.
Tufted Mat	8.15	28.30	8.68	30.08
Coir Pith	50.55	23.15	48.52	22.16
Handloom Mats	4.21	16.00	5.62	20.44
Coir Fibre	32.38	22.27	32.76	18.55
Geo Textile	0.83	2.37	0.84	2.36
Coir Yarn	0.79	1.93	0.98	2.14
Curled Coir	2.10	2.00	2.07	1.89
Handloom Matting	0.64	2.27	0.33	1.53
Rubberised Coir	0.18	1.06	0.07	0.44
Coir Rope	0.09	0.26	0.10	0.25
Coir Rugs & Carpet	0.02	0.07	0.02	0.12
Coir Other Sorts	0.02	0.11	0.01	0.04
Powerloom Mat	0.04	0.19	0.00	0.00
Total	100.00	100.00	100.00	100.00

The Top five County wise Exports of Coir and Coir products in the year 2013-14:

S.No.	Country	Quatity (in MTs)	Value (Rs.Lakhs)	Quantity (%)	Value (%)
1	China	192110.62	36050.66	35.77	24.42
2	USA	55091.03	30026.05	10.26	20.34
3	Netherlands	53786.54	10870.04	10.02	7.36
4	UK	11987.01	8600.98	2.23	5.83
5	South Korea	67042.97	7020.54	12.48	4.76

As far as the cluster is concerned the product line is limited to Coir Fibre, Coir Yarn and Coir Pith. The distribution of Coir yarn produced in the cluster in marketing aspect is given below:

Coir Fibre – Present Market	
Thro' Merchant Exporters	20%
Cluster Consumption (for Coir yarn)	10%
Kerala market	70%

It is observed that the export potential for value added products are not at all tapped by the cluster with its current products and hence value added products having good export market potential is identified to be the need of the cluster.

4 SWOT AND NEED GAP ANALYSIS

STRENGTHS:

- Availability of labour
- Products marketable in the local market
- Eco-friendly products
- Easily accessible transport system
- Easy to adopt technology to manufacture value added/diversified products.
- Presence of unity among the members – strong federation
- Presence of Support institutions such as Coir Board, District Industries Centre, Commercial banks, ITCOT etc.

WEAKNESSES:

- Unable to maintain uniformity, quantity & quality of products produced
- Unable to come out of the vicious circle of making the traditional/intermediate products
- Lack of awareness on the incremental benefits of manufacturing of value added finished products.
- Lack of formal networks for marketing and input procurement
- Limited contact with BDS providers and Technical Institutions
- Weak linkages with banks and financial institutions

OPPORTUNITIES:

- Good scope for manufacturing of value added /diversified products
- Potential for product diversification and value addition from existing products.
- Increasing Domestic and Export market prospects for coir products.
- Implementation of SFURTI Scheme for focused development of the cluster.

THREATS:

- Fluctuation in fibre pricing
- Competition from products such as Nylon, Jute Sisal fibre etc.
- Competition from coconut growing country viz.: Sri Lanka, Indonesia & Philippines etc.

NEED GAP ANALYSIS:

The key concern areas of the cluster are identified to be:

- Cluster's present production is limited to intermediate products such as fibre, yarn etc., which fetches reduced margin only. Lack of awareness on the benefits of graduating to production of value added finished products.
- Production of value added products is less with respect to the availability of raw material and market requirements.
- Absence of collective/collaborative efforts to address common problems, as no registered association exists in the cluster.
- Purely depends on the local trader / marketer to sell their products even though there is huge scope for export market.
- No marketing showroom to exhibit their products at one place.
- Lack of individual capacity to venture into the production of value added products.
- Need a common facility centre and technical guidance to go for other value added coir products like coir mats, coir matting, Geo-textile etc.,

5 PROFILE OF THE IMPLEMENTING AGENCY

MYRADA, the Non Government Organization, having its registered office at Bangalore and project office at Gobichettipalayam, Erode District, about 50 Kms. from the Cluster is proposed as the Implementing Agency of this cluster.

MYRADA was started in 1968. Myrada at present is directly managing 18 projects in 20 backward and drought prone Districts of Karnataka, Tamil Nadu and Andhra Pradesh. There are other States where it has collaborated with Government, Bilateral and Multilateral Programs, by contributing to program design and supporting implementation through regular training, exposure and deputation of staff.

B. Profile of the Implementing Agency (IA)

I		Institutional Structure / Registration Details			
B.1	Legal Status	Registered under Society Act (Non Government Organization)			
B.2	Date of Incorporation / Registration	16 th July 1968			
B.3	Registered Address	MYRADA, 2-Service Road, Domlur Layout, Bangalore – 560 071 E-Mail id - myrada@myrada.org Phone - 080 -25353166, 25352028			
B.4	Office Address / Locations	MYRADA Erode Project, 272, Perumal Nagar, Puduvalliampalayam Road, Kalingiyam Post, Gobichettipalayam Taluk Erode District, Tamilnadu, Pin – 638 453			
B.5	Affiliated to Coir Board	No			
II		Governance Structure			
B.6	Composition of the Executive Board / Trustees / Governing Body/ Managing	#	Name of Member	Designation	Background / profile
		1	Shri.J.C.Lynn	Chairperson	IAS (Rtd)
		2	Shri.S.S.Meenakshisundaram	Vice Chairperson	IAS (Rtd)
		3	Shri.K.R.Shenoy	Treasurer	-
		4	Shri.Gautam Basu	Member	IAS (Rtd)
		5	Smt.Sobha Nambisan	Member	IAS

	committee and Background of Member	6	Shri.Arvind G.Risbud	Member & Executive Director	IAS (Rtd)
		7	Shri.A.P.Fernandez	Member Secretary	-
B.7	In case, IA is registered under Companies Act, provide shareholding pattern	#	Name of Member	Background / profile	Shareholding (%)
		-	-	-	-
		-	-	-	-
		-	-	-	-
III Operational Profile					
B.8	Major objectives – Vision, Mission, Goal of the organization	Mission: “ <i>Building institutions of the poor and marginalized which are appropriate to the resource to be managed and objectives to be achieved</i> ”			
B.9	What are focus areas of operation	<ul style="list-style-type: none"> • Livelihoods, • Local governance, • Environment and natural resource management, • Health • Education • Training/Capacity building/Networking/Sharing 			
B.10	Provide key project / activities being undertaken by the IA – Brief description including the project scope, size and duration (<i>mention specific experience in the area/ sector of the proposed project</i>)	<ul style="list-style-type: none"> • CBO formation, • Watershed, • Technology promotion in Agriculture & Livestock, • Skill training & Capacity Building 			
B.11	Mention key clients/donor associated with for project implementation along with details on the nature of association	<ul style="list-style-type: none"> • ICAR • ATMA • NHM • NABARD etc. 			
B.12	Mention key partnership / alliances (if any)	ICAR (Indian Council of Agriculture Research)			
IV Management Profile					
B.13	Background of key Personnel (Professionals and others) with brief profile of the senior management personnel)	Enclosed as Annexure			
V Financial Position					
B.14	Key financials of the organization (<i>provide copy of the audited financial statements for last three</i>	Fixed Assets			Rs.62,96,266.00
		Current Assets			Rs.1,53,26,556.00
		Current Liabilities			Rs.8,74,300.00

	years)	Revenue trend for last three years	-
		Profit/loss for the last three years	-
		Any other	-
VI	Bank Account Details		
B.15	Name of Bank	Corporation Bank	
B.16	Branch Name	Gobichettipalayam	
B.17	Bank Account Number	110900101000353	
VII	Contact Details		
B.18	Name of Contact Person	Dr.P.ALAGESAN	
B.19	Designation of Contact Person	Programme Officer	
B.20	Correspondence Address	MYRADA KRISHI VIGYAN KENDRA 272, Perumal Nagar, Pudukkottai Road, Kalingiyam Post, Gobichettipalayam Taluk Erode District, Tamilnadu, Pin – 638 453	
B.21	Contact Number	04285241626, 09443897654	
B.22	Email Address	myradakvk@gmail.com	

6 PROJECT CONCEPT AND STRATEGY FRAMEWORK

6.1 Project Rationale

The project rationale is to rejuvenate the existing product mix in the cluster and to enhance the competitiveness through capacity building of the entrepreneurs. Bridging the technological gaps and thereby manufacture value added quality products and establishing global marketing linkages elevates the cluster to a higher level in terms of value addition, turnover, employment and foreign exchange earnings.

6.2 Project Objective

- Strengthening linkages among the Cluster members and actors and to have a Collaborative setup to address common problems
- Effective utilization of available raw material resource (Coconut husk) in the cluster by strengthening the linkages with raw material suppliers/farmers
- To manufacture value added competitive products, using the available raw material resource and to venture the export market decisively
- To address current production and supply bottlenecks
- Exploit the benefits arising due to optimization of resources and economies of scale

6.3 Focus Products/Services

In addition to the Soft interventions for Capacity building and Market promotion initiatives, the following facilities are proposed as interventions for the development of the cluster:

- I. Coir Two ply yarn
- II. Coir Geo-textile
- III. Coir Mattings

6.4 Conceptual Framework / Project Strategy

- Strengthen linkages within the cluster – with other SMEs, larger enterprises, support institutions, banks etc. At times such linkages are also created with important organizations (private/public) outside the cluster;

- Assist cluster stakeholders to develop a consensus-based vision for the cluster as a whole;
- Help stakeholders to coordinate their actions and pool their resources to move towards a shared vision for the cluster as a whole; and
- Create an autonomous governance framework, in a step-by-step process that will sustain dynamism and change in the cluster after the withdrawal of the implementing agency

7 PROJECT INTERVENTIONS (CORE SFURTI)

The Core SFURTI project interventions include Soft Interventions (as detailed in Chapter 8) and Hard Interventions (as detailed in Chapter 9), in addition to Cross-cutting thematic interventions.

The soft interventions proposed are categorized into Capacity building and Market promotion activities as given below:

Capacity Building:

- **Trust Building:** For strong association among cluster members to address common problems.
- **Awareness Programme:** To provide awareness about SFURTI scheme benefits, Cluster development initiatives and the prospects for value added products in Coir sector
- **Entrepreneurship Development Programme:** To foster entrepreneurship among cluster members.
- **Skill Upgradation Programme:** To increase the skilled labour force in the cluster to address the problem of limited skilled labour availability.
- **Exposure Visit:** Visit to other vibrant cluster, research institutions etc. to understand the synergic effect and dynamics of vibrant clusters and to demonstrate the technology and marketability for value added products.

Market Promotional Activities

- **Market Study Tour:** To enable the cluster members to gain a deeper understanding of the business environment and market dynamics in Coir sector.
- **Participation in Trade Fairs:** To conduct business, cultivate cluster's image and to examine the market. The main objectives of participation of trade fairs are:
 - Increased Sales
 - Product showcasing for enhanced product visibility
 - Establish qualified leads

In addition, trade fairs are the ideal place for surveying the market, comparing prices and sales terms etc.

- Buyer Seller Meet: To meet various players in the value chain for building business contacts and enhance marketability

The hard interventions proposed to enhance the product mix of the cluster and to achieve increased cluster turnover thro' production of value added products are:

- I. Coir Two ply yarn (for uninterrupted and uniform supply of raw material for the Geo-textile and Mattings production facility proposed as Cluster CFC)
- II. Coir Geo-textile production facility
- III. Coir Mattings production facility

THEMATIC INTERVENTIONS:

Cluster's active involvement and participation in activities such as national and international level brand promotion campaigns, New Media marketing, E-commerce initiatives etc. as proposed under the SFURTI implementation guidelines is projected as part of thematic interventions.

8 SOFT INTERVENTIONS

CAPACITY BUILDING

S. No	Particulars	
1	Proposed Programme / Intervention	Trust Building and motivational programme
2	Target group	Lead cluster members
3	No. of Batches	2
4	Batch size	50 nos
5	Training content	Self & Group motivation
6	Trainer / Training Institution	ITCOT Consultancy and Services Limited
7	Cost of Training programme	Rs. 1,00,000/-
8	Implementation timeline	Year I Quarter I

S. No	Particulars	
1	Proposed Programme / Intervention	Awareness Programme
2	Target group	Coir Entrepreneurs, workers & Raw material suppliers
3	No. of Batches	2
4	Batch size	50 nos
5	Training content	About Cluster concept, SFURTI scheme, and other Government schemes
6	Trainer / Training Institution	ITCOT Consultancy and Services Limited
7	Cost of Training programme	Rs. 1,00,000/-
8	Implementation timeline	Year I Quarter I & Quarter II

S. No	Particulars	
1	Proposed Programme / Intervention	Entrepreneurship Development Programme
2	Target group	Coir Entrepreneurs
3	No. of Batches	2
4	Batch size	25 nos
5	Training content	Motivation, Govt Subsidy Schemes, Banker role in Industries, Government statutory approvals, Marketing
6	Trainer / Training Institution	ITCOT Consultancy and Services Limited
7	Cost of Training programme	Rs. 3,00,000/-
8	Implementation timeline	Year I Quarter III

S. No	Particulars	
1	Proposed Programme / Intervention	Skill upgradation Programme
2	Target group	Coir workers
3	No. of Batches	2
4	Batch size	20 nos
5	Training content	Skill Training for Coir Mat, Matting & Geo-Textiles
6	Trainer / Training Institution	Coir Board (at CCRI, Alleppey)
7	Cost of Training programme	Rs. 3,00,000/-
8	Implementation timeline	Year I Quarter III & Quarter IV

S. No	Particulars	
1	Proposed Programme / Intervention	Exposure tours
2	Target group	Coir Entrepreneurs
3	No. of batches	As per requirement
4	Programme content	Visiting other Coir clusters to understand cluster dynamics and technology update
5	Coordinating Institution	ITCOT Consultancy and Services Limited
6	Cost of programme	Rs. 2,00,000/-
7	Implementation timeline	Year II Quarter I

MARKET PROMOTION

S. No	Particulars	
1	Proposed Programme / Intervention	Market study tours
2	Target group	Coir Entrepreneurs
3	No. of Batches	As per requirement
4	Programme content	To understand market dynamics, To interact with market intermediaries to understand the product wise market potential in potential market centers
5	Coordinating Institution	IA & TA
6	Cost of programme	Rs. 3,00,000/-
7	Implementation timeline	Year II Quarter I / Quarter II

S. No	Particulars	
1	Proposed Programme / Intervention	Participation in Trade fairs

2	Target group	SPV members
3	No. of Batches	As per requirement
4	Training content	Participation & Exhibit cluster products
5	Trainer / Training Institution	Coir Board
6	Cost of Training programme	Rs. 5,00,000/-
7	Implementation timeline	Year II - Quarter II / Quarter III

S. No	Particulars	
1	Proposed Programme / Intervention	Buyer Seller Meet
2	Target group	SPV members
3	No. of Batches	As per requirement
4	Training content	Direct Contact with Buyers
5	Trainer / Training Institution	IA, TA & Coir Board
6	Cost of Training programme	Rs. 2,00,000/-
7	Implementation timeline	Year II - Quarter III / Quarter IV

S. No	Particulars	
1	Proposed Programme / Intervention	Tie up with Business Development service(BDS) providers
2	Target group	SPV members
3	No. of Batches	As per requirement
4	Training content	New Product development New design development (Coir Mattings)
5	Trainer / Training Institution	BDS Providers
6	Cost of Training programme	Rs. 5,00,000/-
7	Implementation timeline	Year III - Quarter I / Quarter II

9 HARD INTERVENTIONS

CREATION OF COMMON FACILITY CENTRE:

The land proposed is at two locations, Unit I & Unit II which are about 0.50 Kms apart.

Unit I: The location address is at RS No.505/2, RS No.851/1A2 & RS No. 852/1B2, Uthiyur Village (Patta No.1201), Kangayam Taluk, Tirupur District, the extent of land being 59 cents. The lease deed for the above land is executed and registered. The unit is proposed to house administration office, matting and geo textiles facility. The land is located in the Dharapuram – Palani main road, about 12 Kms. from Kangayam town. The location has other infrastructural facilities such as road, power etc. and is suitable for the proposed CFC.

Unit II: The location address is S.F.No: 498/2, Kaasilingapalayam Road, Near Petrol Bunk, Uthiyur Village, Kangayam(Tk), Tirupur District, the extent of land being 1.00 acre. The land lease is under progress and the same is expected to be executed and registered before 31.07.15. The SPV has submitted an affidavit in this regard. This unit is proposed to house the spinning section and storage (raw material and finished goods). The unit is about 0.50 Kms. distance from the Unit I and is just 300 metres inward from the main Dharapuram – Palani main road and hence it is considered to be operationally advantageous.

Cost & Area of Building works:

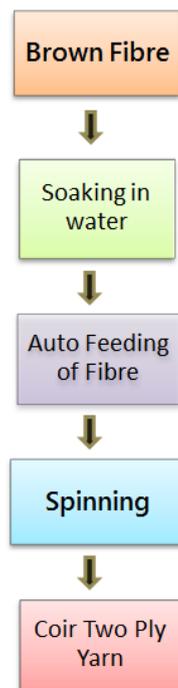
CFC activities	Built up Area (in Sq.ft)	Cost of Building (Rs. in Lakhs)
Unit I – Administration building	600	8.00
Unit I – Geotextiles & Matting facility Workshed	5000	45.00
Unit II – Spinning Workshed & Storage of raw materials and finished goods	9000	81.00
TOTAL		134.00

9.1 Two ply yarn spinning

9.1.1 Project Description

Coir Yarn is generally of two ply, spun from coir fibre by hand as well as with the help of traditional ratts, fully automatic spinning machines etc. The Coir yarn is of different qualities/grades based on the quality of fibre used, the nature of twist, presence of impurities etc. Available in different forms like hydraulically pressed bales, spools bobbins, dholls, balls etc. cut length for various industrial and agricultural purpose.

The process flow chart for Coir yarn spinning is given below:



9.1.2 Project justification

Coir yarn, being an intermediate product is consumed for varied uses. For the proposed Coir Matting and Geotextiles manufacturing facility in the cluster, spinning facility is created to strengthen the backward linkage i.e. ensured raw material resource. The need for this facility is to ensure uniform quality of raw material, which is mandatory for Coir matting and also to ensure uninterrupted supply & stable price.

9.1.3 Proposed machineries and cost

Double headed spinning machine with

Auto fibre feeding machine 25nos

- Rs.11050000/-

01. Installed capacity & production quantity

Year	1	2	3	4	5
Installed capacity per annum (in Tons)	1200	1200	1200	1200	1200
Capacity utilization	60%	70%	80%	90%	90%
Production quantity per annum (in Tons)	720.00	840.00	960.00	1080.00	1080.00

9.1.4 Raw material availability

The raw material (Coir Fibre) required for Twoply yarn production is 1320 MT per annum as per installed capacity. Coir fibre is sourced from 27 units located nearby cluster area within 15 km radius are given below

Area	No. of Units	Production capacity (in MT)
Kangayam	10	3000
Koduvai	4	1200
Dharapuram	4	1200
Kundadam	4	1200
Mulanur	5	1500
Total	27	8100

Coir fibre is also purchased from Palladam & Pollachi areas during demand seasons. It is proposed to execute continuous purchase agreement with the coir fibre extraction units to ensure uninterrupted supply of raw material.

9.1.5 Operation and maintenance model

The IA is responsible for the operation and maintenance of the CFC assets until scheme period and the SPV has to manage the entire operation on its own after project implementation period is over. The operation and maintenance cost is proposed to be managed with the income from the operations of the Common facilities through User fee/Sales realization.

9.1.6 Market Strategy:

The total production is proposed to be utilized captively by the Coir Matting and Geotextiles production facility of the Common Facility Center. Hence separate marketing initiative is not required, as far as Coir yarn is concerned with respect to this project.

9.1.7 Implementation time line

Year II - Quarter 1 (Total Project timeline is given in Chapter 13)

9.2 Coir Geo Textiles

9.2.1 Project Description

Coir Geotextiles protect land surface and promote quick vegetation. Geotextiles are a wonderful treasure of natural eco friendly, erosion control blankets in woven and non-woven preparations. Totally biodegradable, geotextiles help soil stabilisation and renew vegetation in varying slopes.

The process flow chart for Geo Textiles is given below:



9.2.2 Project justification

Geo textiles, being the environment friendly value added product of yarn, is proposed to rejuvenate the cluster product mix and to introduce manufacturing of value added finished product in the cluster, which has good market prospects.

9.2.3 Proposed machineries and cost

Coir Geo Textile Loom Pneumatic type

(Light Duty)- 2 meter width including 3 HP motor, (8 nos) - Rs. 3010000/-

1440 rpm, three phase and compressor

(Production capacity 100 Sq. feet per shift)

9.2.4 Installed capacity & production quantity

Year	1	2	3	4	5
Installed capacity per annum (in Sq. m)	4800	4800	4800	4800	4800
Capacity utilization	60%	70%	80%	90%	90%
Production quantity per annum (in Sq. m)	288000	336000	384000	432000	432000

9.2.5 Raw material availability

The raw material (Coir two ply yarn) required for Geo Textiles production is 670 Tons per annum. Coir two ply yarn is sourced from the Common Facility Centre, wherein spinning facility is created.

9.2.6 Operation and maintenance model

The IA is responsible for the operation and maintenance of the CFC assets until scheme period and the SPV has to manage the entire operation on its own after project implementation period is over. The operation and maintenance cost is proposed to be managed with the income from the operations of the Common facilities through User fee/Sales realization.

9.2.7 Market Strategy:

- Engaging Business Development Service providers to enhance the cluster market share in both domestic and export market for the product.
- Establishing specific marketing channel and appointment of dealers in potential market centers
- Establishing linkages with retail showrooms (including Coir Board showrooms) in Chennai, Bangalore, Mumbai & Delhi
- SPV has already identified prospective buyers for Coir Matting viz.

- Palm fibre India P Ltd, Allapppy
- Brothers Coir mills P Ltd, Allapppy
- Charankattu Coir, Allapppy
- Foam matting India Limited, Allapppy

9.2.8 Implementation timeline

Year II - Quarter 2 (Total Project timeline is given in Chapter 13)

9.3 Coir Mattings

9.3.1 Project Description

Coir matting is the traditional and extremely effective barrier matting made from Natural Fibres (Coconut) to give a very good level of dirt and moisture removal for both indoor and outdoor uses. The proposed project of manufacturing of Coir mattings from looms. Quality of the matting is determined by the type of yarn and weave used. Mainly used as floor coverings and floor runners for furnishing stairs / corridors.

The process flow chart for Coir Mattings is given below:



9.3.2 Project justification

Coir mattings, the value added product of Coir yarn, is proposed due to its good market prospects and environment friendliness. The proposed project provides entry of the cluster into value addition of coir, resulting in increased cluster turnover.

9.3.3 Proposed machineries and cost

Coir Matting Loom Pneumatic type (Light Duty)

1 meter width including 5 HP motor, (6 nos) - Rs.1940000/-

1440 rpm, three phase and compressor

(Production capacity 60 Sq. feet per shift)

9.3.4 Installed capacity & production quantity

Year	1	2	3	4	5
Installed capacity per annum (in Sq. m)	2160	2160	2160	2160	2160
Capacity utilization	60%	70%	80%	90%	90%
Production quantity per annum (in Sq. m)	129600	151200	172800	194400	194400

9.3.5 Raw material availability

The raw material (Coir twoply yarn) required for the proposed installed capacity of Coir matting production is 450 Tons per annum, which is met from captive consumption from the automatic coir yarn spinning facility proposed in the Common Facility Centre.

9.3.6 Operation and maintenance model :

The IA is responsible for the operation and maintenance of the CFC assets until scheme period and the SPV has to manage the entire operation on its own after project implementation period is over. The operation and maintenance cost is proposed to be managed with the income from the operations of the Common facilities through User fee/Sales realization.

9.3.7 Marketing strategy:

- e. Engaging Business Development Service providers to enhance the cluster market share in both domestic and export market for the product.
- f. Establishing specific marketing channel and appointment of dealers in potential market centers
- g. Establishing linkages with retail showrooms (including Coir Board showrooms) in Chennai, Bangalore, Mumbai & Delhi
- h. SPV has already identified prospective buyers for Coir Matting viz.
 - S.M.Rubber Products, Alleppey
 - Kankan Coir Mats & Mattings, Alleppey
 - V.C.Mills, Cherthala
 - Foam matting India Limited, Alleppey
 - Kerala State Coir Corporation, Kerala
 - Other Coir Exporters at Alleppey

9.3.8 Implementation timeline :

Year II - Quarter 2 & 3 (Total Project timeline is given in Chapter 13)

10 PROJECT COST AND MEANS OF FINANCE (Core SFURTI)

The estimated project cost based on the computations of the project interventions and the means of finance for the project is given below:

S.No.	Proposed Interventions	Project Cost (Rs.Lakhs)	GOI Share (in lakhs)	SPV Share (in lakhs)
1	SOFT INTERVENTIONS			
1.1	Capacity Building			
1.1.1	Trust building and motivational programme	1.00	1.00	-
1.1.2	Awareness Programme	1.00	1.00	-
1.1.3	Entrepreneurship Development Programme	3.00	3.00	-
1.1.4	Skill Upgradation Programme	3.00	3.00	-
1.1.5	Exposure Tour	2.00	2.00	-
	Total Capacity Building cost	10.00	10.00	
1.2	Market Promotion			
1.2.1	Market Study Tour	3.00	3.00	-
1.2.2	Participation in Trade fairs	5.00	5.00	-
1.2.3	Buyer Seller Meet	2.00	2.00	-
1.2.4	Tie up with Business Development Service (BDS) providers	5.00	5.00	-
	Total Market Promotion cost	15.00	15.00	-
	Total Soft Interventions Cost	25.00	25.00	-
				CONTD...

2	HARD INTERVENTIONS			
2.1	Building for CFC	134.00	100.50	33.50
2.2	Machinery for Common Facility Proposed			
2.2.1	Double headed spinning machine with Auto fibre feeding machine & Auto tightner - 25nos	110.50	82.87	27.63
2.2.2	Coir Geo Textile Loom - 2 meter width – 8 nos	30.10	22.58	7.52
2.2.3	Coir Matting Loom 1 meter width – 6 nos	19.40	14.55	4.85
2.2.4	Electricals & accessories	5.00	3.75	1.25
	Total Machinery Cost	165.00	123.75	41.25
	Total Hard Interventions Cost	299.00	224.25	74.75
	TOTAL INTERVENTIONS COST	324.00	249.25	74.75
3	Other Project Components			
3.1	Land Lease Advance (1.6 acres – 15 years lease)	0.35		0.35
3.1	Contingencies, Deposits & Preliminary Preoperative Expenses	9.40	-	9.40
3.2	Working Capital	31.25	-	31.25
	Total Other Project Components	41.00	-	41.00
4	Cost of TA (8% of Total Interventions Cost)	19.94	19.94	-
5	Cost of IA/SPV including CDE	20.00	20.00	-
	TOTAL PROJECT COST	404.94	289.19	115.75

11 PLAN FOR CONVERGENCE OF INITIATIVES

The initiatives for convergence of schemes and leveraging of resources from various sources are under exploration viz.

- Dovetailing the benefits of other Coir Board schemes such as Coir Udyami Yojana, Export market promotion scheme etc. and also from other MSME schemes such as NEEDS, Capital subsidy scheme etc. to cluster members
- Exploring the opportunities for private sector participation in the cluster development project
- Exploring Corporate Social Responsibility (CSR) foundations with proven track record for additional funding.
- Exploring the possibilities to dovetail funds from various state and central government schemes over and above the funds sanctioned for SFURTI scheme (without duplication of funding for a specific project component).

The above initiatives would be undertaken with the participation of stakeholders.

12 ENHANCED PROJECT COST AND MEANS OF FINANCE

The Project cost and Means of Finance of CORE SFURTI project is illustrated in **Chapter 10**. Convergence of initiatives such as Dovetailing the benefits of other Coir Board schemes such as Coir Udyami Yojana, Export market promotion scheme etc. and also from other MSME schemes such as NEEDS, Capital subsidy scheme etc. to cluster members, would be undertaken to improve the viability of projects, strengthening the value chains and market linkages and to enable the overall improvement of the level of human development in the area.

13 PROJECT TIMELINE

The project implementation schedule with details of the activities to be undertaken and the expected time frame (quarter wise) for each activity is given below:

S.No.	Proposed Interventions	Period	
		Year	Quarter
1	SOFT INTERVENTIONS		
1.1	Capacity Building		
1.1.1	Trust building and motivational programme	I	Q1
1.1.2	Awareness Programme	I	Q1,Q2
1.1.3	Entrepreneurship Development Programme	I	Q3
1.1.4	Skill Upgradation Programme	I	Q3,Q4
1.1.5	Exposure Tour	II	Q1
1.2	Market Promotion		
1.2.1	Market Study Tour	II	Q1, Q2
1.2.2	Participation in Trade fairs	II	Q2, Q3
1.2.3	Buyer Seller Meet	II	Q3, Q4
1.2.4	Tie up with Business Development Service (BDS) providers	III	Q1, Q2
2	HARD INTERVENTIONS		
2.1	Building for CFC	I	Q3,Q4
2.2	Machinery for Common Facility Proposed		
2.2.1	Double headed spinning machine with Auto fibre feeding machine - 25nos	II	Q1
2.2.2	Coir Geo Textile Loom Pneumatic type (Light Duty)- 2 meter width – 8 nos	II	Q2
2.2.3	Coir Matting Loom Pneumatic type (Light Duty) - 1 meter width – 6 nos	II	Q2,Q3

Project activity	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SOFT INTERVENTIONS												
Capacity Building												
Trust building and motivational programme												
Awareness Programme												
Entrepreneurship Development Programme												
Skill Upgradation Programme												
Exposure Tour												
Market Study Tour												
Participation in Trade fairs												
Buyer Seller Meet												
Tie up with Business Development Service (BDS) providers												
HARD INTERVENTIONS												
Building for CFC												
Double headed spinning facility												
Coir Geo Textile production facility												
Coir Matting production facility												

14 DETAILED BUSINESS PLAN

The cost of production and profitability projection are presented in Statement-3. The assumptions for working the cost of production & profitability are given below:

a. Automatic Coir Yarn Spinning		
Capacity per machine per shift	80	kgs
Number of machines	25	
Number of shifts per day	2	
Number of days per annum	300	
Installed Capacity per annum	1200.00	tons
b. Coir Matting (Semi powerloom)		
Capacity per loom per shift	60	Sq.M.
Number of looms	6	
Number of shifts per day	2	
Number of days per annum	300	
Installed Capacity per annum	216000	Sq.M.
Raw material (Yarn) reqt. per 100 Sq.M.	200	Kgs.
Total yarn reqt. for installed capacity	432	tons
c. Geo Textiles		
Capacity per loom per shift	100	Sq.M.
Number of looms	8	
Number of shifts per day	2	
Number of days per annum	300	
Installed Capacity per annum	480000	Sq.M.
Raw material (Yarn) reqt. per 100 Sq.M.	140	Kgs.
Total yarn reqt. for installed capacity	672	tons
Raw material consumption for Matting & Geo textiles Section (for installed capacity)		
Yarn requirement for Matting section	432	tons
Yarn requirement for Geo textiles section	672	tons
Total Yarn requirement	1104	tons
Yarn production from Spinning section	1200	tons
Excess yarn production	96	tons per annum
Capacity Utilisation		
- First year	60%	
- Second year	70%	
-Third year	80%	
-Fourth year onwards	90%	

Average Cost of Raw Material		
Cost of raw material (Coir Fibre)	Rs.22,000	per ton
Lease Rental for CFC land	Rs.5,000	per month in the first year and 10% increase every subsequent years
Power Cost	Rs.6.50	per KWH
Repairs & Maintenance	2.00%	of plant and machinery cost in the first year of operation and 10% increase in every subsequent years
Administrative Expenses	1.00%	Of sales realisation
Selling Expenses	2.00%	Of sales realisation

The project financials comprises the following statements, which are enclosed in the Annexure:

- Statement 1: Cost Of Project and Means Of Finance
- Statement 1.1: Estimation of Deposits / Advances
- Statement 1.2: Preliminary and Preoperative Expenses
- Statement 2: Assessment of Working Capital
- Statement 3: Cost of Production & Profitability
- Statement 4: Assumptions for Cost Of Production And Profitability
- Statement 5: Calculation of Income Tax
- Statement 6: Estimation of Power Cost
- Statement 7: Manpower Requirement and Estimation Of Cost
- Statement 8: Estimation of Depreciation
- Statement 9: Projected Cash-Flow Statement
- Statement 10: Projected Balance Sheet
- Statement 11: Estimation Of Break-Even Point
- Statement 12: Estimation Of Net Present Value And Internal Rate Of Return
- Statement 13: Sensitivity Analysis

15 PROPOSED IMPLEMENTATION FRAMEWORK

15.1 Role of Implementing Agency

The role and responsibility of the IA includes the following:

- i. Recruit a full time CDE who has the desired knowledge and capability in order to ensure efficient implementation of the project
- ii. The IA would implement various interventions as outlined in the DPR
- iii. Undertake procurement and appointment of contractors, when required, in a fair and transparent manner
- iv. The IA will enter into an agreement with the Nodal Agency for timely completion on cluster intervention and proper utilization of Government Grants
- v. Operation & Maintenance (O&M) of assets created under the project by way of user-fee based model
- vi. Responsible for furnishing Utilization Certificates (UCs) and regular Progress reports to Nodal Agency in the prescribed formats.

15.2 Details of Strategic Partners

The cluster is proposed to be developed under SFURTI (Scheme of Fund for Regeneration of Traditional Industries). The Coir Board is the Nodal agency (NA) and ITCOT Consultancy and Services Limited is the Technical Agency (TA) appointed by Coir Board. The Implementing agency is MYRADA, the Non Government Organization, having its registered office at Bangalore and project office at Gobichettipalayam, Erode District. The above agencies work in tandem towards the successful implementation of the project in a sustainable manner.

15.3 Structure of the SPV

The SPV is formed and registered as Private Limited Company under Companies Act 1956 (No.1. of 1956) in the name of **"KANGAYAM COIR CLUSTER PRIVATE LIMITED"** as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 29 October 2012. The CIN of the company is U36104TZ2012PTC018883.

15.4 Composition of the SPV

An SPV is formed with 2 members initially and subsequently 14 members have been included. The list of members and office bearers are given below:

Sl.No.	Name	Designation	Present Activity
1	M. Saravanakumar	Managing Director	Coir yarn mfg and trade
2	S. Balamurugan	Director	Coir yarn
3	M. Kandhavel	Director	Coir yarn
4	Sivkumar	Director	Coir yarn and fibre trade
5	Sivasamy	Director	Coir yarn
6	Gopalraj	Member	Husk and fibre trade
7	Karthi	Member	Coir yarn
8	Magesh kumar	Member	Coir yarn
9	M. Sivakumar	Member	Coir yarn and fibre trade
10	Sivanathan	Member	Coir yarn
11	V. Vaduganathan	Member	Coir yarn and fibre
12	V. Mageswaran	Member	Coir yarn and fibre
13	Palanisamy	Member	Coir yarn and fibre
14	Paramasivam	Member	Coir yarn
15	Senthilnathan	Member	Coir fibre
16	Ravikumar	Member	Coir yarn

16 EXPECTED IMPACT

- Production of value added competitive products and marketing through strengthened marketing linkages (both domestic and export)
- Increase in the overall turnover of the cluster by 25%
- Strengthened backward linkage with Fibre extraction units
- Increased income level of workers in fibre extraction units by 10 - 15%
- Emergence of specialized support service providers and their active involvement in the development process
- Establishment of new units by converging various schemes of State and Central Governments (such as Coir Udyami Yojana, NEEDS, PMEGP, UYEGP, etc.) resulting in additional investments in Coir sector by the cluster members
- Improved access to financial capital for cluster members
- Knowledge Outreach : Exposure of cluster members to buyers beyond their local areas would have an immediate impact on their knowledge and ambitions