

# DETAILED PROJECT REPORT

**Cluster Location: PALLADAM, TIRUPUR  
(Palladam Coir Growbag Cluster, Palladam)**



*Submitted to*  
**Coir Board, Kochi**

**Prepared by:**



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## **EXECUTIVE SUMMARY**

|            |                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>01.</b> | <b>Name of the cluster</b>                  | Palladam Coir Growbag Cluster, Palladam                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>02.</b> | <b>Type of Cluster</b>                      | Major Cluster                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>03.</b> | <b>Location &amp; Spread of the cluster</b> | The cluster area is located in Tirupur district, extends over 6 Blocks viz. Palladam, Kundadam, Gudimangalam, Udumalpet, Madathukulam, Pongalur. The cluster spread includes 132 Village Panchayats in Tirupur District. The Geographical spread of the cluster measures about 45-50 Km radius.                                                                                                                                                                                                                      |
| <b>04.</b> | <b>Product range</b>                        | The existing range of coir products produced in the cluster are: <ul style="list-style-type: none"><li>• Coir Fibre</li><li>• Coir Yarn</li><li>• Coir Pith Block</li></ul>                                                                                                                                                                                                                                                                                                                                          |
| <b>05.</b> | <b>Size of cluster &amp; Type of units</b>  | The total number of coir units available in the cluster area is around 55 units of which 24 Nos. are engaged in Fibre Extraction, 12 Nos. engaged in Yarn Spinning and 19 Nos. engaged in manufacturing of Pith Blocks. The total number of beneficiaries estimated to be around 800 members which includes the labor force in the cluster. In addition to the above, more than 500 husk suppliers are based in the cluster. Based on the number of cluster beneficiaries, the cluster is typified as Major Cluster. |

|            |                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |               |                 |
|------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------|-----------------|
| <b>06.</b> | <b>Production &amp; Turnover of Coir products in the cluster</b> | Product                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | No.of units | Production    | Turnover        |
|            |                                                                  | Coir Fibre                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 24          | 14400 MT      | Rs.21.60 Crores |
|            |                                                                  | Coir Yarn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 12          | 855 MT        | Rs. 1.88 Crores |
|            |                                                                  | Coir Pith block                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 19          | 12825 MT      | Rs.10.58 Crores |
| <b>07.</b> | <b>Employment &amp; Income level</b>                             | <b>Activity</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Male</b> | <b>Female</b> | <b>Total</b>    |
|            |                                                                  | Fibre Extraction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 120         | 360           | 480             |
|            |                                                                  | Yarn Spinning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 20          | 100           | 120             |
|            |                                                                  | Pith Block Making                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 27          | 125           | 152             |
|            |                                                                  | The income level for the labours in the cluster is Rs.250/- for male workers and Rs.175/- for female workers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |               |                 |
| <b>08.</b> | <b>Key Concern areas of the cluster</b>                          | <ul style="list-style-type: none"> <li>• Absence of collective/collaborative efforts to address common problems, as no registered association exists in the cluster.</li> <li>• Lack of awareness among husk suppliers/farmers on the scope of husk utilization in coir sector.</li> <li>• Limited availability of skilled labour force.</li> <li>• Production of value added products is less with respect to the availability of raw material and market requirements.</li> <li>• Cluster's present production is limited to intermediate products such as fibre, yarn etc., which fetches reduced margin only.</li> <li>• Lack of awareness on the benefits of graduating to production of value added finished products.</li> </ul> |             |               |                 |

|     |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 09. | <b>Proposed Strategic Interventions</b>                      | <p><b>Soft Interventions:</b></p> <ul style="list-style-type: none"> <li>• Capacity Building</li> <li>• Market Promotion</li> </ul> <p><b>Hard Interventions</b> (Common facility creation):</p> <ul style="list-style-type: none"> <li>• Building for Common facility</li> <li>• Common facilities proposed: <ul style="list-style-type: none"> <li>I) Fibre Extraction Facility:</li> <li>II) 5 kg. Pith Block making facility</li> <li>II) Grow Bag manufacturing facility</li> <li>III) 25 kg. Pith Bagging facility</li> </ul> </li> </ul> <p><b>Thematic Interventions:</b><br/>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. | <b>Budget for Soft interventions</b>                         | Rs. 25.00 Lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 11. | <b>Budget for Hard interventions</b>                         | Rs.299.85 Lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 12. | <b>Total Project cost (including WC &amp; Agencies cost)</b> | Rs.451.00 Lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 13. | <b>Means of Finance</b>                                      | Grant under SFURTI Scheme : Rs. 289.90 lakhs<br><br>IA/SPV Share : Rs. 161.10 lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 14. | <b>Post Intervention Scenario (Expected Impact)</b>          | <ul style="list-style-type: none"> <li>➤ Increased utilization of coconut husk by 20%, resulting in expected enhanced income for coconut farmers by 15%.</li> <li>➤ Established network of husk suppliers/farmers with the cluster SPV</li> <li>➤ Increase in the overall turnover of the cluster by 25%</li> <li>➤ Production of value added competitive products and marketing through strengthened marketing linkages (both domestic and export)</li> <li>➤ Post interventions, the Cluster's export earnings increase by 40%</li> <li>➤ Emergence of specialized support service providers and their active involvement in the development process</li> </ul>                                                                                                                               |

|                   |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   |                                  | <ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ Improved access to financial capital for cluster members</li> <li>➤ Knowledge Outreach : Exposure of cluster members to buyers beyond their local areas would have an immediate impact on their knowledge and ambitions</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>15.</b></p> | <p><b>Cluster Management</b></p> | <p>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.</p> <p>The proposed model of implementation for Palladam Coir Growbag Cluster is based on the following principle: <i>“active and accountable SPVs, accepting implementation responsibilities and offering active participation in the implementation at ground level may be assigned the role of Implementing Agency, under the close guidance, supervision and monitoring of the Technical Agency”</i>. In brief, the operational part of the project has to be carried out by the SPV and the procedural part has to be ensured by the Technical Agency.</p> <p>Considering the experience and knowledge base of lead SPV members in Palladam Coir Growbag Cluster, the SPV, which is registered as Society under section 10 of the Tamil Nadu Act, 1975 (TAMIL NADU</p> |

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>ACT 27 OF 1975) is being proposed as the Implementing Agency. As the Technical agency (ITCOT Consultancy and Services Limited) is involved in this cluster development process from the primary stage of preparation of Diagnostic study, it is observed that the lead SPV members are capable of undertaking the implementation of the project successfully in adherence to the project timelines.</p> <p>The SPV will have the Regional Officer, Coir Board as NA representative and Project Manager, ITCOT as TA representative as its ex-officio members in advisory nature, who would monitor the progress of the implementation and ensure the adherence to scheme guideline stipulations. Moreover, appointment of the qualified Cluster Development Executive (CDE) for the cluster would be undertaken by the Technical Agency in consultation with SPV and Nodal Agency.</p> <p>The Technical Agency, assuming part role of Implementing Agency, ensures timely completion of Cluster interventions and proper utilization of Government Grants. It will be responsible for furnishing Utilization Certificates (UC) and regular Progress reports to Nodal Agency. The financial transactions proposed by the SPV would be undertaken by the Technical Agency with the approval of Coir Board.</p> |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## **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 Palladam to M/s. ITCOT Consultancy and Services Limited, Chennai. Accordingly, ITCOT has prepared the Detailed Project Report (DPR) 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 Detailed Project 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.

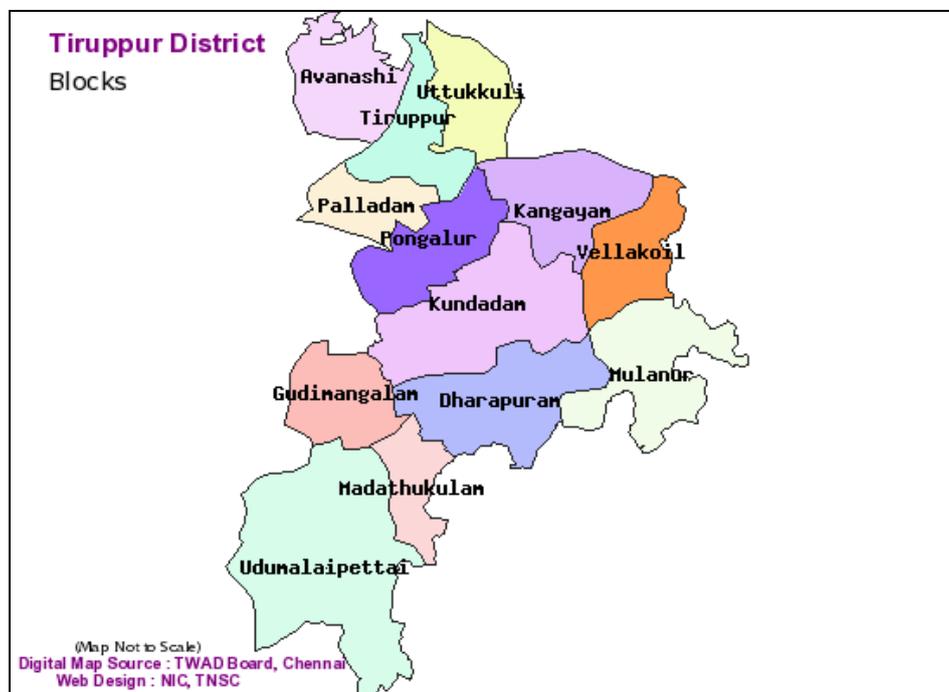
# 1 CLUSTER PROFILE

## 1.1 BACKGROUND

**Tirupur 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 Tirupur textile industry, the cotton market, Coconut & Coir Industries and the famous Uthukkuli butter, among other things, provide for a vibrant economy. The city of Tirupur is the administrative headquarters for the district.

## 1.2 Regional setting of the Cluster

The regional setting of the cluster extends over 6 Blocks viz. Palladam, Pongalur, Kundadam, Gudimangalam, Madathukulam and Udumalaipettai in Tirupur district & extends over 2 Blocks viz. Sulur & Sultanpet in Coimbatore district. The block map of Tirupur district is given below:



### **1.3 Location**

The cluster spread includes 132 Village Panchayats in Tirupur District and 36 Village Panchayats in Coimbatore District . The Geographical spread of the cluster measures about 45-50 Km radius.

### **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:

| <b>Description</b>                  | <b>2011</b> | <b>2001</b> |
|-------------------------------------|-------------|-------------|
| 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/km <sup>2</sup>             | 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 depends 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:

| <b>Activity</b>   | <b>Male</b> | <b>Female</b> | <b>Total</b> |
|-------------------|-------------|---------------|--------------|
| Fibre Extraction  | 120         | 360           | 480          |
| Yarn Spinning     | 20          | 100           | 120          |
| Pith Block Making | 27          | 125           | 152          |

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

| <b>Activity</b>   | <b>Wages per day</b> |               |
|-------------------|----------------------|---------------|
|                   | <b>Male</b>          | <b>Female</b> |
| Fibre Extraction  | 250                  | 175           |
| Yarn Spinning     | 250                  | 175           |
| Pith Block Making | 250                  | 175           |

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 24 units engaged in coir fibre extraction. The current output of coir fibre is estimated at 14400 MT per annum. The annual turnover out of coir fibre production in the cluster is estimated at Rs.21.60 Crores. There are about 12 units engaged in coir yarn spinning in the cluster. The current output of coir yarn is estimated at 855 MT per annum. The Annual turnover out of coir yarn spinning in the cluster is estimated at Rs.1.88 Crores. There are about 19 units engaged in coir pith block making in the cluster. The current output of coir pith block is estimated at 12825 MT per annum. The Annual turnover out of coir pith block making in the cluster is estimated at Rs.10.58 Crores.

### 1.9 Infrastructure – social, physical, financial and production related

The infrastructure details of Tirupur 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<br>NH67- 68km<br>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 Tiruppur district.

## 2 CLUSTER VALUE CHAIN MAPPING

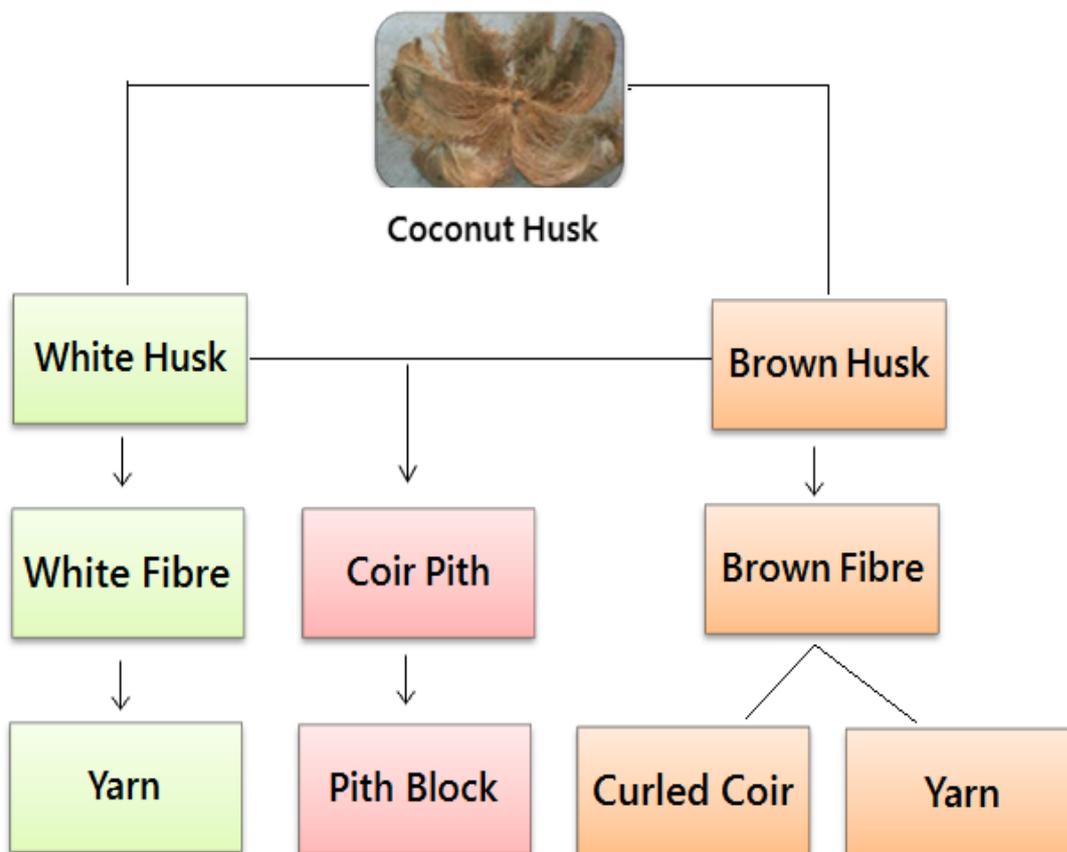
### 2.1 Product Profile

The following products are produced in the cluster presently.

- Coir Fibre
- Coir Yarn
- Coir Pith Block

### 2.2 Production Process

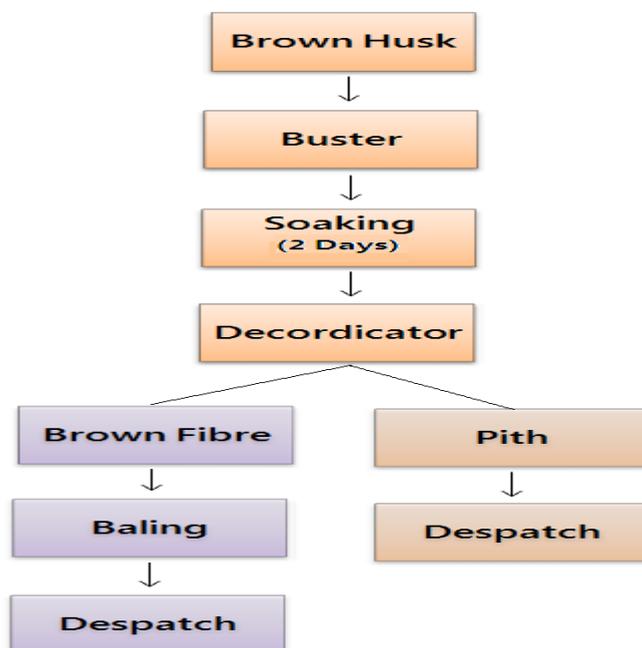
The Product flow from the raw material is depicted in the chart below:



## 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 passed through the willowing machine to remove the impurities and the fibres are placed parallel to each other. The fibre is then fed into a slivering machine wherein it is converted into a sliver form. The slivers are spun into yarn as per specifications in the spinning machine. The yarn is then cleaned and wound into rolls and is now ready for the market. The process flow chart for Coir yarn spinning is given below:



### **Coir Pith Block:**

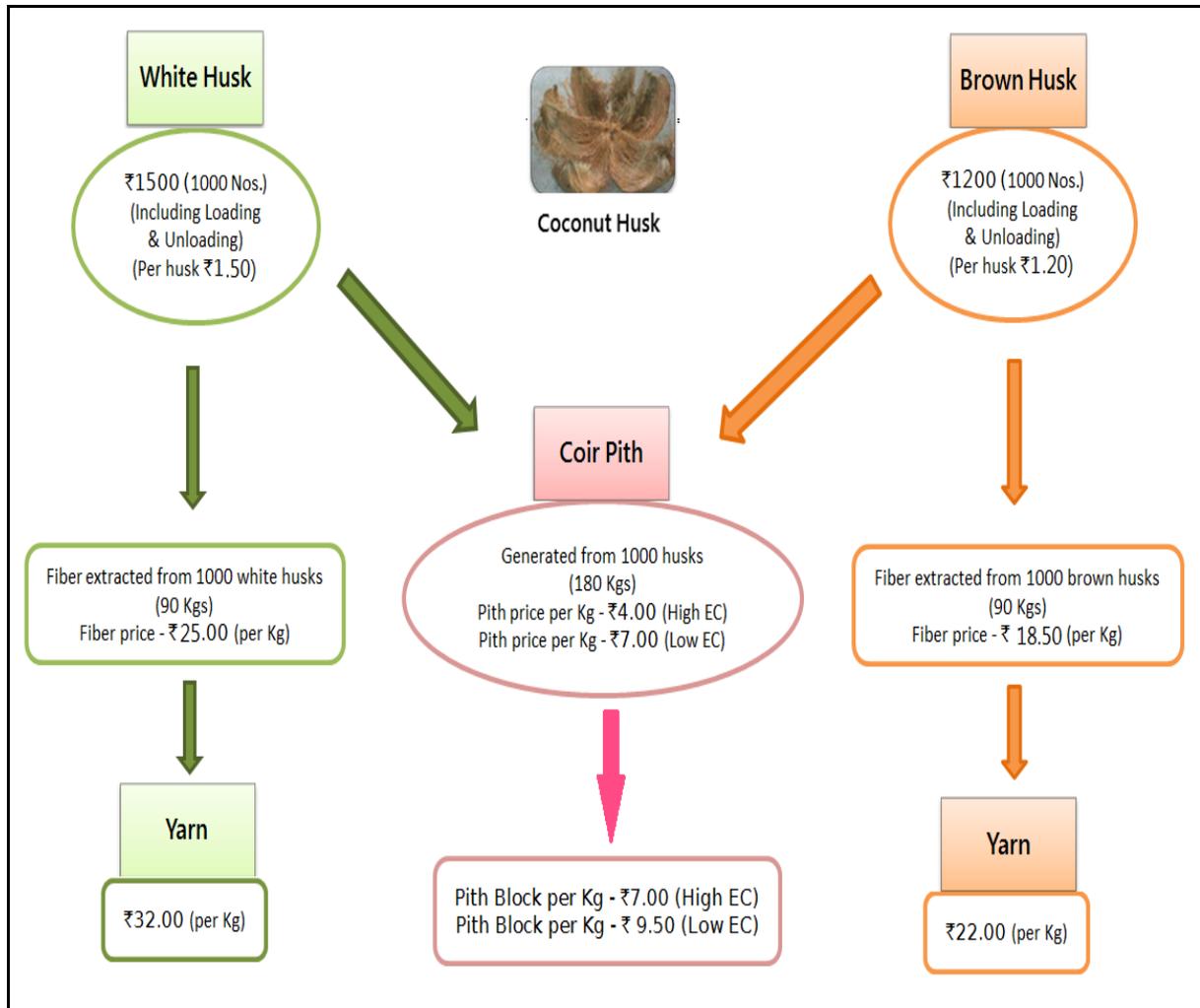
The by-product obtained during the process of Coir Fibre Extraction is Coir Pith. The raw coir pith (high EC) is received and washed in the soft water to reduce the EC. The low EC pith is dried in the yard and the dried pith is subjected to sieving / mixing process. The resultant pith is fed into the compacting machine in which the pith is converted into blocks. Then the blocks are packed and then dispatched to sales. The process flow chart for the Coir pith block making is given below:



High electrical conductivity (EC) of coir pith is the major constraint in using it as growing medium. The higher level of EC in pith is rectified by washing it with good quality fresh water. Hence washing is the significant stage in the process.

### 2.3 Value Chain Analysis

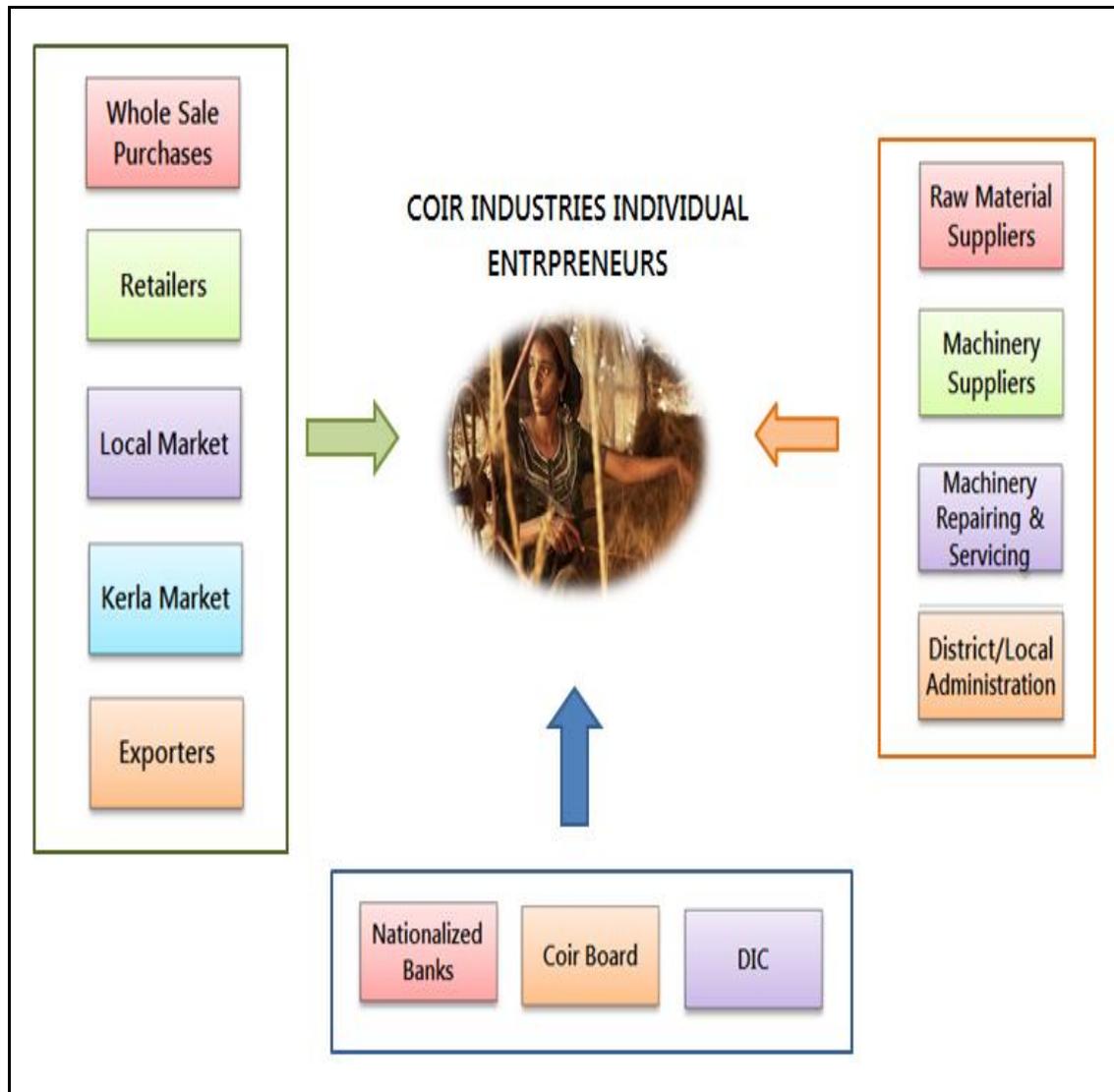
The incremental value of the cluster products from the basic raw material to the final product manufactured in the cluster is given below:



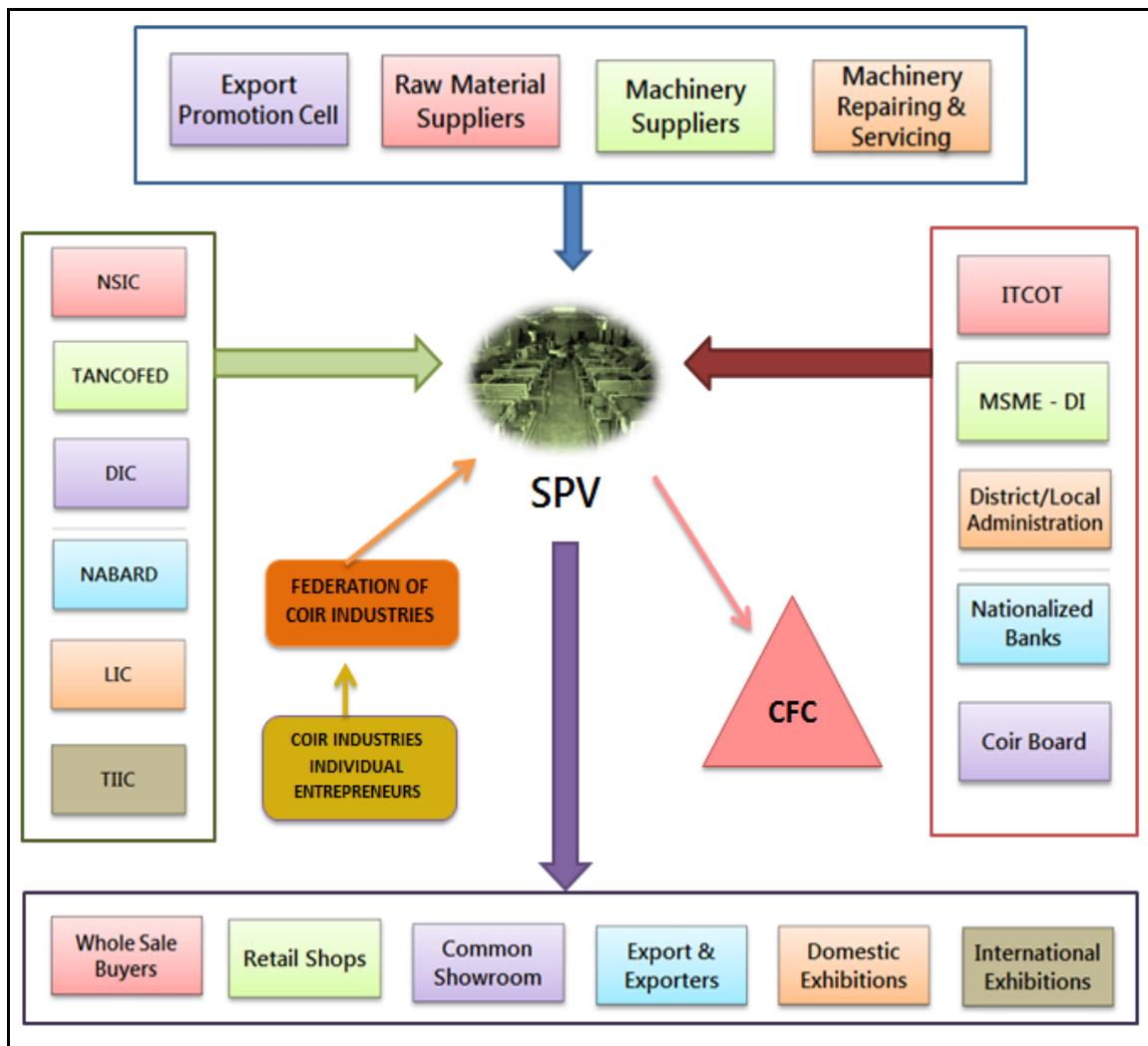
It is observed that the value addition in the cluster is limited to intermediate product level and the need and scope for value addition for coir sector in the cluster is considered significant. The cost of Green husk including loading and unloading is valued at Rs.1.50, which is incremented to Rs.25.00 per Kg. of fibre, which is further incremented to Rs.32.00 per Kg. of yarn. Similarly the cost of Brown husk including loading and unloading is valued at Rs.1.20, which is incremented to Rs.18.50 per Kg. of fibre, which is further incremented to Rs.22.00 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 do the role of that for financial assistance to be availed in the cluster.

### **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**

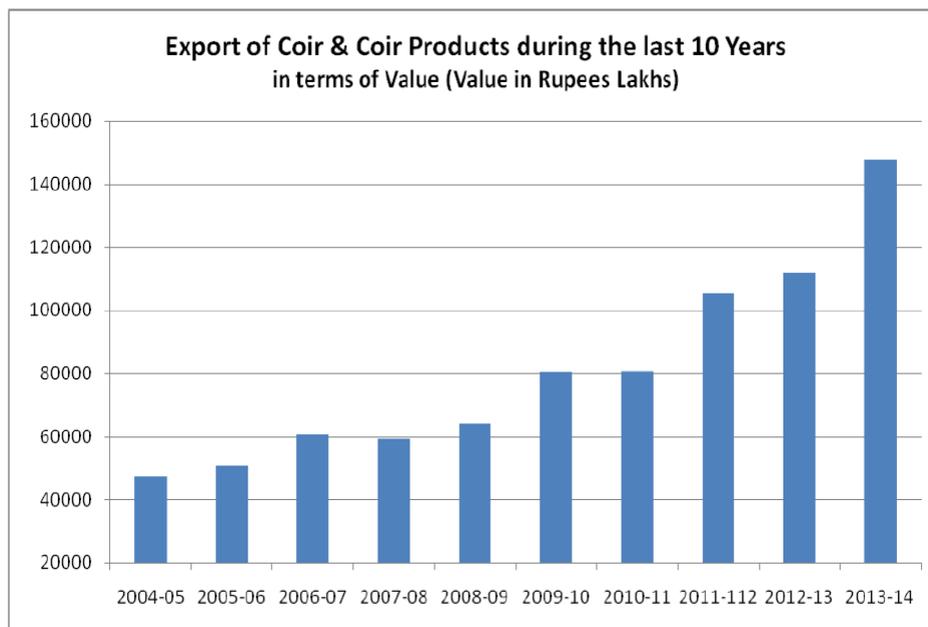
There is a good network of commercial Cooperative banks in the cluster. They offer both cash credit and term loan facilities to the coir industry. However, institutional finance for coir industry is limited and there is a large gap between the need for the credit and its availability.

### 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:

| Item               | Q=Quantity in M.T        |                  | V= Value in Rs.Lakhs     |                  |                    |              |
|--------------------|--------------------------|------------------|--------------------------|------------------|--------------------|--------------|
|                    | April -2013 - March 2014 |                  | April-2012 - March- 2013 |                  | %Growth Cumulative |              |
|                    | 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       |
| <b>Total</b>       | <b>537040</b>            | <b>147603.84</b> | <b>429501</b>            | <b>111602.75</b> | <b>25.04</b>       | <b>32.26</b> |

# 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          |
| <b>Total</b>       | <b>100.00</b>      | <b>100.00</b> | <b>100.00</b>      | <b>100.00</b> |

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

| S.No. | Country     | Quantity<br>(in MTs) | Value<br>(Rs.Lakhs) | Quantity<br>(%) | Value<br>(%) |
|-------|-------------|----------------------|---------------------|-----------------|--------------|
| 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 Pith blocks. The distribution of Coir Fibre produced in the cluster in marketing aspect is given below:

| <b>Coir Fibre – Present Market</b>  |     |
|-------------------------------------|-----|
| Direct Export                       | 20% |
| Thro' Merchant Exporters            | 60% |
| Cluster Consumption (for Coir yarn) | 5%  |
| Kerala Market                       | 15% |

The Coir yarn produced in the cluster is directly marketed to Salem yarn market. As far as Pith block is concerned, 25% of pith block produced in the cluster is directly exported and the balance 75% is marketed through dealers for domestic and export market.

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:**

- Plenty of coconut husk availability(basic raw material).
- Easy to adopt technology to manufacture value added/diversified products.
- Existence of engineering infrastructure such as workshops and lathes.
- Readiness of the new generation to enter this trade
- Well established physical infrastructure such as road, rail, power etc.
- Excellent network of commercial and co-operative banks in the cluster.
- Limited competition from big players as the trade is labour intensive
- Presence of Support institutions such as Coir Board, District Industries Centre, Commercial banks, ITCOT etc.

### **WEAKNESSES:**

- Absence of collective/collaborative efforts to address common problems.
- As coconut palm does not withstand prolonged spells of extreme weather/ climatic variations, the uninterrupted availability of Coconut husk (basic raw material for coir sector) depends on weather/climatic conditions, which results in scarcity of raw material due to hot/dry summer.
- Limited availability of skilled labour force
- 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:**

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

### **THREATS:**

- Competition from products such as Nylon, Jute Sisal fibre etc.
- Increasing production of products such as Tender coconut, Neera etc., which utilize pre-mature nuts may result in basic raw material(husk) scarcity for Coir sector, as Coir sector depends on husk from fully mature nuts as raw material.
- Competition from coconut growing country viz.: Sri Lanka, Indonesia & Philippines etc.
- Utilization of husk for fuel purposes

### **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.
- Lack of awareness among husk suppliers/farmers on the increased scope and benefit of utilization of husk in the coir sector.

Increased production of value added products and venturing for exports would augment the cluster turnover and export revenues. Collaborative efforts to increase captive consumption of raw material (Coconut husk) on cluster mode to tap the market opportunities for the value added coir products are considered to be the requirement of the cluster.

## 5 PROFILE OF THE IMPLEMENTING AGENCY

SFURTI scheme implementation guidelines prescribes that the Implementing agencies (IA) would be Non-Government Organizations (NGOs), institutions of the Central and State Governments and semi-Government institutions, field functionaries of State and Central Govt., Panchayat Raj Institutions (PRIs) etc. with suitable expertise to undertake cluster development.

The proposed model of implementation for Palladam Coir Growbag Cluster is based on the following principle: *“active and accountable SPVs, accepting implementation responsibilities and offering active participation in the implementation at ground level may be assigned the role of Implementing Agency, under the close guidance, supervision and monitoring of the Technical Agency”*. In brief, the operational part of the project has to be carried out by the SPV and the procedural part has to be ensured by the Technical Agency.

Considering the experience and knowledge base of lead SPV members in Palladam Coir Growbag Cluster, the SPV, which is registered as Society under section 10 of the Tamil Nadu Act, 1975 (TAMIL NADU ACT 27 OF 1975) is being proposed as the Implementing Agency. As the Technical agency (ITCOT Consultancy and Services Limited) is involved in this cluster development process from the primary stage of preparation of Diagnostic study, it is observed that the lead SPV members are capable of undertaking the implementation of the project successfully in adherence to the project timelines. The profile of the SPV Chairman is enclosed in the annexure.

The SPV will have Regional Officer, Coir Board as NA representative and Project Manager, ITCOT as TA representative as its ex-officio members in advisory nature, who would monitor the progress of the implementation and ensure the adherence to scheme guideline stipulations. Moreover, appointment of the qualified Cluster

Development Executive (CDE) for the cluster would be undertaken by the Technical Agency in consultation with SPV and Nodal Agency.

The Technical Agency, assuming part role of Implementing Agency, ensures timely completion of Cluster interventions and proper utilization of Government Grants. It will be responsible for furnishing Utilization Certificates (UC) and regular Progress reports to Nodal Agency. The financial transactions proposed by the SPV would be undertaken by the Technical Agency with the approval of Coir Board.

## **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 productivity and competitiveness through capacity building of the entrepreneurs. Bridging the technological gaps and thereby reducing the cost of production, effective utilization of existing raw material resource, improving the quality of the 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. Fibre Extraction Facility:- for Effective raw material utilization
- II. 5 kg. Pith Block making facility – to tap Export market
- III. Grow Bag manufacturing facility – to tap Export market
- IV. 25 kg. Pith Bagging Facility – to tap Export market

#### **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 for Husk suppliers:** To provide awareness for husak suppliers 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.
- **Technology based EDP:** To educate & adopt the latest technology in coir sector.
- **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 for the development of the cluster is given below:

- Fibre Extraction Facility:
- 5 kg. Pith Block making facility
- Grow Bag manufacturing facility
- 25 kg. Pith Bagging 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 | <b>Trust Building and motivational programme</b>            |
| 2     | Target group                      | Coir Entrepreneurs, coir workers and Raw material suppliers |
| 3     | No. of Batches                    | 1                                                           |
| 4     | Batch size                        | 75 nos                                                      |
| 5     | Training content                  | Self & Group motivation                                     |
| 6     | Trainer / Training Institution    | ITCOT Consultancy and Services Limited                      |
| 7     | Cost of Training programme        | Rs. 1,50,000/-                                              |
| 8     | Implementation timeline           | Year I – Quarter I                                          |

| S. No | Particulars                       |                                               |
|-------|-----------------------------------|-----------------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Awareness Programme for Husk suppliers</b> |
| 2     | Target group                      | Husk Suppliers                                |
| 3     | No. of Batches                    | 2                                             |
| 4     | Batch size                        | 75 nos                                        |
| 5     | Training content                  | Self & Group motivation                       |
| 6     | Trainer / Training Institution    | ITCOT Consultancy and Services Limited        |
| 7     | Cost of Training programme        | Rs. 1,50,000/-                                |
| 8     | Implementation timeline           | Year I<br>Quarter I & Quarter II              |

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

| S. No | Particulars                       |                                                                                                      |
|-------|-----------------------------------|------------------------------------------------------------------------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Technology based Entrepreneurship Development Programme</b>                                       |
| 2     | Target group                      | Coir Entrepreneurs                                                                                   |
| 3     | No. of Batches                    | 2                                                                                                    |
| 4     | Batch size                        | 25 nos                                                                                               |
| 5     | Training content                  | Scope for Value added coir products, Technological inputs & feasibility inputs, Marketing strategies |
| 6     | Trainer / Training Institution    | ITCOT Consultancy and Services Limited                                                               |
| 7     | Cost of Training programme        | Rs. 1,50,000/-                                                                                       |
| 8     | Implementation timeline           | Year I<br>Quarter IV                                                                                 |

| S. No | Particulars                       |                                                                                                                                         |
|-------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Skill upgradation Programme</b>                                                                                                      |
| 2     | Target group                      | Coir workers                                                                                                                            |
| 3     | No. of Batches                    | 2                                                                                                                                       |
| 4     | Batch size                        | 20 nos                                                                                                                                  |
| 5     | Training content                  | Skill Training for Coco crush Process, 5 kg. Pith Block making facility, Grow Bag manufacturing facility & 25 kg. Pith Bagging Facility |
| 6     | Trainer / Training Institution    | Coir Board (at CCRI, Alleppey)                                                                                                          |
| 7     | Cost of Training programme        | Rs. 1,50,000/-                                                                                                                          |
| 8     | Implementation timeline           | Year I<br>Quarter III & Quarter IV                                                                                                      |

| S. No | Particulars                       |                                        |
|-------|-----------------------------------|----------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Exposure tours</b>                  |
| 2     | Target group                      | Coir Entrepreneurs                     |
| 3     | No. of Batches                    | as per requirement                     |
| 4     | Programme content                 | Visiting other Coir clusters           |
| 5     | Coordinating Institution          | ITCOT Consultancy and Services Limited |
| 6     | Cost of programme                 | Rs. 2,00,000/-                         |
| 7     | Implementation timeline           | Year II<br>Quarter I                   |

## MARKET PROMOTION

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

| S. No | Particulars                       |                                                                                            |
|-------|-----------------------------------|--------------------------------------------------------------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Participation in Trade fairs</b>                                                        |
| 2     | Target group                      | SPV members                                                                                |
| 3     | No. of Batches                    | As per requirement                                                                         |
| 5     | Programme objective               | Participation, Exhibit their products in stall and to create extensive marketing potential |
| 6     | Coordinating Organisation         | Coir Board                                                                                 |
| 7     | Cost of Training programme        | Rs. 5,00,000/-                                                                             |
| 8     | Implementation timeline           | Year II<br>Quarter III & Quarter IV                                                        |

| S. No | Particulars                       |                                    |
|-------|-----------------------------------|------------------------------------|
| 1     | Proposed Programme / Intervention | <b>Buyer Seller Meet</b>           |
| 2     | Target group                      | SPV members                        |
| 3     | No. of Batches                    | As per requirement                 |
| 5     | Training content                  | Direct Contact with Buyers         |
| 6     | Coordinating organisation         | IA, TA & Coir Board                |
| 7     | Cost of Training programme        | Rs. 3,00,000/-                     |
| 8     | Implementation timeline           | Year III<br>Quarter I & Quarter II |

| <b>S. No</b> | <b>Particulars</b>                |                                                                |
|--------------|-----------------------------------|----------------------------------------------------------------|
| 1            | Proposed Programme / Intervention | <b>Tie up with Business Development service(BDS) providers</b> |
| 2            | Target group                      | SPV members                                                    |
| 3            | No. of Batches                    | As per requirement                                             |
| 5            | Training content                  | New Product development<br>New design development              |
| 6            | Coordinating Organisation         | BDS providers                                                  |
| 7            | Cost of Training programme        | Rs. 4,00,000/-                                                 |
| 8            | Implementation timeline           | Year III<br>Quarter I & Quarter II                             |

## 9 HARD INTERVENTIONS

### CREATION OF COMMON FACILITY CENTRE:

**Land:** The proposed land for CFC have been leased for 15 years with lease advance of Rs.15 Lakhs and monthly rent of Rs.25000/-. The details of land are given below:

| <b>Land</b>                                             | <b>Area of Extent</b> | <b>Proposed CFC activities</b>                                                                                        |
|---------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------|
| SF.No. 85/2 & 84/1, Puliyamapatti village, Palladam Tk. | 4.5 Acres             | i) Fibre Extraction<br>ii) 5 kg. Pith Block Making<br>iii) Grow Bag Manufacturing<br>iv) 25 kg. Pith Bagging Facility |

### **Location:**

The land proposed for common facility centre is at Puliampatti village which is about 15 kms from Palladam Town in Palladam - Pollachi Main Road. The location has good infrastructure facilities viz. road, power etc., The location is suitable for the proposed CFC in view of operation & marketing.

### **Cost & Area of Building works:**

The built-up area and cost of building & civil works is estimated as below:

| <b>CFC activities</b>                                           | <b>Built up Area ( in Sq.ft)</b> | <b>Cost of Building ( Rs. in Lakhs)</b> |
|-----------------------------------------------------------------|----------------------------------|-----------------------------------------|
| Fibre Extraction Facility                                       | 5000                             | 40.00                                   |
| 5 kg. Pith Block Making Facility & 25 kg. Pith Bagging Facility | 5000                             | 40.00                                   |
| Grow Bag Manufacturing Facility                                 | 4200                             | 33.60                                   |
| <b>TOTAL</b>                                                    | <b>14200</b>                     | <b>113.60</b>                           |

The cost of building is estimated @ Rs.800/- per Sq.Ft. as per present market trends.

## **I. Fibre Extraction Facility:**

### **1. Project Description:**

Fibre Extraction is proposed as one of the common facilities for this cluster. The facility is proposed to be operated on user fee model, wherein farmers who are involved only in sales of coconut husk so far, have an opportunity to value add the husk and enter the fibre market. Coir Fibre is the primary product during the process of fibre extraction and Coir pith is the by product. The above facility is proposed in view of increasing the husk utility in the cluster and to strengthen the financial capability of farmers (husk suppliers).

### **2. Project Justification:**

Availability of coconut husk (basic raw material) is abundant. The coconut husk is being sourced and transported from our cluster to other areas & districts for fuel purpose. To prevent misuse of husk and to ensure effective utilization of available husk, the project is proposed.

### **3. Proposed Machineries and Cost:**

| S.No. | Machinery Description | Quantity | Total Price (Rs. in Lakhs) |
|-------|-----------------------|----------|----------------------------|
| 1.    | Buster                | 1        | 3.20                       |
| 2.    | Cleaner               | 1        | 3.40                       |
| 3.    | Auto feeder           | 1        | 7.50                       |
| 4.    | Screeener (16 feet)   | 1        | 2.20                       |
| 5.    | Screeener (12 feet)   | 1        | 1.95                       |
| 6.    | Conveyors             | 350 feet | 15.50                      |
| 7.    | Baling Press          | 1        | 1.10                       |
| 8.    | Handling Equipments   | --       | 22.10                      |
|       | <b>TOTAL</b>          |          | <b>56.95</b>               |

#### **4. Installed Capacity & Utilization:**

| <b>Year</b>                             | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------------------------------------|----------|----------|----------|----------|----------|
| Installed Capacity per annum (in tons ) | 1800     | 1800     | 1800     | 1800     | 1800     |
| Capacity Utilization                    | 60%      | 70%      | 80%      | 80%      | 80%      |
| Production quantity per Annum (in tons) | 1080     | 1260     | 1440     | 1440     | 1440     |
| User charge realization (Rs. lakhs)     | 32.40    | 37.80    | 43.20    | 43.20    | 43.20    |

#### **7. 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 of the CFC is proposed to be managed with the income from user fee charges. The user fee proposed for fibre extraction per ton is Rs.3000/- provided the pith generated from fibre extraction is retained by the CFC. If the user takes back fibre alongwith the pith generated, then the user fee is Rs.1000/-.

#### **8. Implementation Timeline:**

Year II – Quarter I (Total Project timeline is given in Chapter 13)

## **II. 5 kg. Pith Block Making Facility:**

### **1. Project Description:**

The pith block making process involves receiving of pith, washing, drying, seiving and compacting as 5kg. block on user charge basis. This facility is proposed in view of increasing the pith utility in the cluster and to strengthen the financial capability of farmers (husk suppliers).

### **2. Project Justification:**

The project is proposed for effective utilization of coir pith generated in the cluster. Coir pith blocks have prospective export market potential. Hence the project is proposed to operate on user fee based model to increase cluster turnover and export earnings.

### **3. Proposed Machineries and Cost:**

| <b>S.No.</b> | <b>Machinery Description</b>      | <b>Quantity</b> | <b>Total Price<br/>(Rs. in Lakhs)</b> |
|--------------|-----------------------------------|-----------------|---------------------------------------|
| 1.           | 5 Kg Coir Pith Compacting Machine | 2               | 21.00                                 |
| 2            | Screeener (12 Feet )              | 1               | 2.10                                  |
| 3.           | Buster                            | 1               | 0.95                                  |
| 4.           | Conveyors                         | ---             | 3.00                                  |
|              | <b>TOTAL</b>                      |                 | <b>27.05</b>                          |

### **4. Installed Capacity & Utilization:**

| <b>Year</b>                                  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------------------------------------------|----------|----------|----------|----------|----------|
| Installed Capacity per annum<br>( in tons )  | 7200     | 7200     | 7200     | 7200     | 7200     |
| Capacity Utilization                         | 60%      | 70%      | 80%      | 80%      | 80%      |
| Production Quantity per<br>Annum ( in tons ) | 4320     | 5040     | 5760     | 5760     | 5760     |
| User Charge Realization<br>(Rs. in Lakhs)    | 64.80    | 75.60    | 86.40    | 86.40    | 86.40    |

### **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.

### **7. Implementation timeline:**

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

### **III. Grow Bag manufacturing facility:**

#### **1. Project Description:**

The Grow bag is a soil less growing medium mainly used in green houses, for growing vegetables in various countries. The standard size of grow bag is 100 x 18 x 16 cms and the product weight is 2.86 Kgs. The production process of grow bag manufacturing comprises the following stages.

- ❖ Collection of raw materials
- ❖ Screening to remove fines upto 45%
- ❖ Weighing the raw material
- ❖ Feeding the machine
- ❖ Weighing the slab
- ❖ Insertion of slab in UV bag
- ❖ Sealing the bag
- ❖ Palleting
- ❖ Ready for despatch

This facility is a value added process, proposed in view of increased export earnings for the cluster.

#### **2. Project Justification:**

The project is proposed for effective utilization of coir pith generated in the cluster. Grow bags have prospective export market potential. Hence the project is proposed to increase the cluster turnover and export earnings.

#### **3. Proposed Machineries and Cost:**

| <b>S.No.</b> | <b>Machinery Description</b> | <b>Quantity</b> | <b>Total Price<br/>(Rs. in Lakhs)</b> |
|--------------|------------------------------|-----------------|---------------------------------------|
| 1.           | Grow bag Machine             | 2               | 46.50                                 |
| 2.           | Shaker(10feet)               | 2               | 5.00                                  |
| 3.           | Cutting Machine              | 1               | 2.85                                  |
| 4.           | ChipsCutting Machine         | 1               | 6.00                                  |
| 5.           | Handling Equipments          | 1               | 12.90                                 |
| 6.           | Accessories                  |                 | 9.00                                  |
|              | <b>Total</b>                 |                 | <b>82.25</b>                          |

#### **4. Installed Capacity & Utilization:**

| <b>Year</b>                                  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|----------------------------------------------|----------|----------|----------|----------|----------|
| Installed Capacity per annum<br>( in Bags )  | 750000   | 750000   | 750000   | 750000   | 750000   |
| Capacity Utilization                         | 60%      | 70%      | 80%      | 80%      | 80%      |
| Production quantity per<br>Annum ( in Bags ) | 450000   | 525000   | 600000   | 600000   | 600000   |
| User charge realization<br>(Rs. in Lakhs)    | 270.00   | 315.00   | 360.00   | 360.00   | 360.00   |

#### **5. Raw Material Availability:**

Coir Pith is the raw material of grow bag manufacturing process. The raw material required per ton of output is 2 Tonnes. Major quantity of raw material will be sourced from the cluster area. In addition, pith will be sourced from Coimbatore, Erode & Dindigul districts also.

#### **6. Marketing Strategy:**

Grow Bag, the soil less growing medium, is the most wanted horticultural product from countries such as Holland, France, Spain, Italy, Israel, Canada, South Korea, U.S.A etc., The SPV lead members have already started establishing linkages with buyers from Holland & France to have a buy back arrangement for the entire production.

#### **7. 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 facility.

#### **8. Implementation Timeline:**

Year II – Quarter II & III (Total Project timeline is given in Chapter 13)

#### **IV. 25 Kg. Pith Bagging Facility:**

##### **1. Project Description:**

The 25Kg. Bagger Machine is to pack and seal the processed pith in 25 Kg. bags. The bag is used for horticulture purpose in large fields of various foreign countries.

##### **2. Project Justification:**

The project is proposed for effective utilization of coir pith generated in the cluster. The 25 Kg. Pith Bags have prospective export market potential in countries like Holland, France, Spain etc., Hence the project is proposed to increase the cluster turnover and export earnings.

##### **3. Proposed Machineries and Cost:**

| S.No. | Machinery Description  | Quantity | Total Price (Rs. in Lakhs) |
|-------|------------------------|----------|----------------------------|
| 1.    | 25 Kgs. Bagger Machine | 1        | 12.00                      |

##### **4. Installed Capacity & Utilization:**

| Year                                      | 1      | 2      | 3      | 4      | 5      |
|-------------------------------------------|--------|--------|--------|--------|--------|
| Installed Capacity per annum ( in Bags )  | 96000  | 96000  | 96000  | 96000  | 96000  |
| Capacity Utilization                      | 60%    | 70%    | 80%    | 80%    | 80%    |
| Production quantity per Annum ( in Bags ) | 57600  | 67200  | 76800  | 76800  | 76800  |
| User charge realization (Rs. in Lakhs)    | 201.60 | 235.20 | 268.80 | 268.80 | 268.80 |

##### **5. Raw Material Availability:**

Coir Pith, as such, is packed in the 25 Kg. bag and sealed. Coir Pith will be sourced mainly from the cluster area. Moreover, pith will be sourced from Coimbatore, Erode & Dindigul districts also.

##### **6. Marketing Strategy:**

25 Kg. Pith Bags enjoy prospective export market in countries such as Holland, France, Spain, Italy, Israel, Canada, U.S.A. etc., The SPV lead members have already started establishing linkages with buyers from Holland & France.

## **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 facility.

## **7. Implementation Timeline:**

Year II – Quarter III & IV (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) |
|------------|----------------------------------------------------------|-------------------------|----------------------|----------------------|
| <b>1</b>   | <b>SOFT INTERVENTIONS</b>                                |                         |                      |                      |
| <b>1.1</b> | <b>Capacity Building</b>                                 |                         |                      |                      |
| 1.1.1      | Trust building and motivational programme                | 1.50                    | 1.50                 | -                    |
| 1.1.2      | Awareness Programme for Husk suppliers                   | 1.50                    | 1.50                 | -                    |
| 1.1.3      | Entrepreneurship Development Programme                   | 1.00                    | 1.00                 | -                    |
| 1.1.4      | Technology based EDP                                     | 1.50                    | 1.50                 |                      |
| 1.1.5      | Skill Upgradation Programme                              | 1.50                    | 1.50                 | -                    |
| 1.1.6      | Exposure Tour                                            | 2.00                    | 2.00                 | -                    |
|            | Total Capacity Building cost                             | 9.00                    | 9.00                 |                      |
| <b>1.2</b> | <b>Market Promotion</b>                                  |                         |                      |                      |
| 1.2.1      | Market Study Tour                                        | 4.00                    | 4.00                 | -                    |
| 1.2.2      | Participation in Trade fairs                             | 5.00                    | 5.00                 | -                    |
| 1.2.3      | Buyer Seller Meet                                        | 3.00                    | 3.00                 | -                    |
| 1.2.4      | Tie up with Business Development Service (BDS) providers | 4.00                    | 4.00                 | -                    |
|            | Total Market Promotion cost                              | 16.00                   | 16.00                | -                    |
|            | <b>Total Soft Interventions Cost</b>                     | <b>25.00</b>            | <b>25.00</b>         | <b>-</b>             |
|            |                                                          |                         |                      | CONTD...             |

|            |                                                                 |               |               |               |
|------------|-----------------------------------------------------------------|---------------|---------------|---------------|
| <b>2</b>   | <b>HARD INTERVENTIONS</b>                                       |               |               |               |
| <b>2.1</b> | <b>Building for CFC</b>                                         | <b>113.60</b> | <b>85.20</b>  | <b>28.40</b>  |
| <b>2.2</b> | <b>Machinery &amp; Other infra for Common Facility Proposed</b> |               |               |               |
| 2.2.1      | Fibre Extraction Facility                                       | 56.95         | 42.72         | 14.23         |
| 2.2.2      | 5 Kgs. Pith block making facility                               | 27.05         | 20.28         | 6.77          |
| 2.2.3      | Grow bag manufacturing facility                                 | 82.25         | 61.70         | 20.55         |
| 2.2.4      | 25 Kgs. Bagger machine                                          | 12.00         | 9.00          | 3.00          |
| 2.2.5      | Electricals & Accessories<br>(incl. borewells, pumps, etc.,)    | 8.00          | 6.00          | 2.00          |
|            |                                                                 |               |               |               |
|            | <b>Total Machinery &amp; Other infra cost</b>                   | <b>186.25</b> | <b>139.70</b> | <b>46.55</b>  |
|            |                                                                 |               |               |               |
|            | <b>Total Hard Interventions Cost</b>                            | <b>299.85</b> | <b>224.90</b> | <b>74.95</b>  |
|            |                                                                 |               |               |               |
|            | <b>TOTAL INTERVENTIONS COST (SOFT &amp; HARD)</b>               | <b>324.85</b> | <b>249.90</b> | <b>74.95</b>  |
| <b>3</b>   | <b>Other Project Components</b>                                 |               |               |               |
| 3.1        | Land Lease (4.5 acres – 15 years lease)                         | 15.00         | Nil           | 15.00         |
| 3.2        | Contingencies, Deposits & Preoperative expenses                 | 11.15         | Nil           | 11.15         |
| 3.3        | Working capital                                                 | 60.00         | Nil           | 60.00         |
|            | <b>Total Other Project Components</b>                           | <b>86.15</b>  | <b>Nil</b>    | <b>86.15</b>  |
| <b>4</b>   | <b>Cost of TA (8% of Total Interventions)</b>                   | <b>20.00</b>  | <b>20.00</b>  | <b>-</b>      |
|            |                                                                 |               |               |               |
| <b>5</b>   | <b>Cost of IA/SPV including CDE</b>                             | <b>20.00</b>  | <b>20.00</b>  | <b>-</b>      |
|            |                                                                 |               |               |               |
|            | <b>TOTAL PROJECT COST</b>                                       | <b>451.00</b> | <b>289.90</b> | <b>161.10</b> |

## **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 on approval of the project and the same would be included in the Detailed project report.

## **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      |
| <b>1</b>   | <b>SOFT INTERVENTIONS</b>                                |          |              |
| <b>1.1</b> | <b>Capacity Building</b>                                 |          |              |
| 1.1.1      | Trust Building and Motivational Programme                | I        | Q1           |
| 1.1.2      | Awareness Programme for Husk Suppliers                   | I        | Q1,Q2        |
| 1.1.3      | Entrepreneurship Development Programme                   | I        | Q2,Q3        |
| 1.1.4      | Technology based EDP                                     | I        | Q4           |
| 1.1.5      | Skill Upgradation Programme                              | I        | Q3,Q4        |
| 1.1.6      | Exposure Tour                                            | II       | Q1           |
|            |                                                          |          |              |
| <b>1.2</b> | <b>Market Promotion</b>                                  |          |              |
| 1.2.1      | Market Study Tour                                        | II       | Q1,Q2        |
| 1.2.2      | Participation in Trade fairs                             | II       | Q3,Q4        |
| 1.2.3      | Buyer Seller Meet                                        | III      | Q1,Q2        |
| 1.2.4      | Tie up with Business Development Service (BDS) providers | III      | Q1,Q2        |
|            |                                                          |          |              |
| <b>2</b>   | <b>HARD INTERVENTIONS</b>                                |          |              |
| <b>2.1</b> | <b>Land Lease<br/>(4.5 acres – 15 years lease)</b>       | <b>I</b> | <b>Q1</b>    |
| <b>2.2</b> | <b>Building for CFC</b>                                  | <b>I</b> | <b>Q3,Q4</b> |
| <b>2.3</b> | <b>Machinery for Common Facility Proposed</b>            |          |              |
| 2.3.1      | Fibre Extraction Facility                                | II       | Q1           |
| 2.3.2      | 5 Kgs. Pith Block Making Facility                        | II       | Q2           |
| 2.3.3      | Grow Bag Manufacturing Facility                          | II       | Q2,Q3        |
| 2.3.4      | 25 Kgs. Bagging Facility                                 | II       | Q3,Q4        |

| Project activity                                         | Year 1 |    |    |    | Year 2 |    |    |    | Year 3 |    |    |    |
|----------------------------------------------------------|--------|----|----|----|--------|----|----|----|--------|----|----|----|
|                                                          | Q1     | Q2 | Q3 | Q4 | Q1     | Q2 | Q3 | Q4 | Q1     | Q2 | Q3 | Q4 |
| <b>SOFT INTERVENTIONS</b>                                |        |    |    |    |        |    |    |    |        |    |    |    |
| <b>Capacity Building</b>                                 |        |    |    |    |        |    |    |    |        |    |    |    |
| Trust Building and Motivational Programme                |        |    |    |    |        |    |    |    |        |    |    |    |
| Awareness Programme                                      |        |    |    |    |        |    |    |    |        |    |    |    |
| Entrepreneurship Development Programme                   |        |    |    |    |        |    |    |    |        |    |    |    |
| Technology based EDP                                     |        |    |    |    |        |    |    |    |        |    |    |    |
| Skill Upgradation Programme                              |        |    |    |    |        |    |    |    |        |    |    |    |
| Exposure Tour                                            |        |    |    |    |        |    |    |    |        |    |    |    |
| Market Study Tour                                        |        |    |    |    |        |    |    |    |        |    |    |    |
| Participation in Trade Fairs                             |        |    |    |    |        |    |    |    |        |    |    |    |
| Buyer Seller Meet                                        |        |    |    |    |        |    |    |    |        |    |    |    |
| Tie up with Business Development Service (BDS) providers |        |    |    |    |        |    |    |    |        |    |    |    |
|                                                          |        |    |    |    |        |    |    |    |        |    |    |    |
| <b>HARD INTERVENTIONS</b>                                |        |    |    |    |        |    |    |    |        |    |    |    |
| Building for CFC                                         |        |    |    |    |        |    |    |    |        |    |    |    |
| Fibre Extraction Facility                                |        |    |    |    |        |    |    |    |        |    |    |    |
| 5 Kgs. Pith Block Making Facility                        |        |    |    |    |        |    |    |    |        |    |    |    |
| Grow Bag Manufacturing Facility                          |        |    |    |    |        |    |    |    |        |    |    |    |
| 25 Kgs. Bagging 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:

|                                                        |              |                              |
|--------------------------------------------------------|--------------|------------------------------|
| <b>a. Coir Fibre Extraction</b>                        |              |                              |
| Installed Capacity per shift                           | 3.00         | Tons of fibre                |
| Number of shifts per day                               | 2            |                              |
| Number of days per annum                               | 300          |                              |
| Installed Capacity per annum                           | 1800         | Tons                         |
| User Charge                                            | Rs. 3,000.00 | per ton of fibre output      |
| <b>b. Coir Pith Block(5 Kgs.) Production</b>           |              |                              |
| Installed Capacity per machine per shift               | 6            | Tons                         |
| Number of machines                                     | 2            |                              |
| Number of shifts per day                               | 2            |                              |
| Number of days per annum                               | 300          |                              |
| Installed Capacity per annum                           | 7200         | Tons                         |
| User Charge                                            | Rs. 1,500.00 | per ton of Pith block output |
| <b>c. Growbag Production (Size: 110 x 18 x 16 cms)</b> |              |                              |
| Installed Capacity per machine per shift               | 1250         | bags                         |
| Number of machines                                     | 2            |                              |
| Number of shifts per day                               | 1            |                              |
| Number of days per annum                               | 300          |                              |
| Installed Capacity per annum                           | 750000       | bags                         |
| Coir Pith requirement per bag                          | 5.75         | Kgs. per bag                 |
| Selling Price                                          | Rs. 60.00    | per bag                      |
| <b>c. 25 Kg. Bagger (Pith) facility</b>                |              |                              |
| Installed Production Capacity per shift                | 320          | bags                         |
| Number of shifts per day                               | 1            |                              |
| Number of days per annum                               | 300          |                              |
| Installed Capacity per annum                           | 96000        | bags                         |
| - Coir Pith (25 Kgs. Bagger)                           | 2400         | tons                         |
| Selling Price                                          | Rs. 350.00   | per bag                      |
|                                                        |              |                              |

| <b>Capacity Utilisation</b>                       |           |                                                                                                       |
|---------------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------|
| - First year                                      | 60%       |                                                                                                       |
| - Second year                                     | 70%       |                                                                                                       |
| -Third year                                       | 80%       |                                                                                                       |
| -Fourth year onwards                              | 80%       |                                                                                                       |
| <b>Average Cost of Raw Material</b>               |           |                                                                                                       |
| Coir Pith Purchase (Nett off internal generation) | Rs.6,800  | per ton                                                                                               |
| Lease Rental for CFC land                         | Rs.25,000 | 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                           | 2.00%     | Of sales realisation                                                                                  |
| Selling Expenses                                  | 10.00%    | Of sales realisation                                                                                  |

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

- 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 preferably one amongst the stakeholders 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 approved 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. Considering the experience and knowledge base of lead SPV members in Palladam Coir Growbag Cluster, the SPV, which is registered as Society under section 10 of the Tamil Nadu Act, 1975 (TAMIL NADU ACT 27 OF 1975) is being proposed as the Implementing Agency.

### **15.3 Structure of the SPV**

The SPV is formed and registered as Society under section 10 of the Tamil Nadu Act, 1975 (TAMIL NADU ACT 27 OF 1975) in the name of 'PALLADAM COIR GROW BAG CLUSTER' as per the Certificate of Registration of Societies issued by Registrar of Societies, Tirupur vide **Sl.No. 94/2015** dated 07.07.2015.

### **15.4 Composition of the SPV**

An SPV is formed with 15 founder members. The list of founder members including office bearers are given below:

| <b>S. No.</b> | <b>Name</b>         | <b>Designation</b> | <b>Present Activity</b>    |
|---------------|---------------------|--------------------|----------------------------|
| 1             | S.Prabhu            | President          | Coir Pith Exporter         |
| 2             | K.Ravindran         | Vice President     | Business                   |
| 3             | R.Ramesh            | Secretary          | Coir Fibre Manufacturer    |
| 4             | S.Jalaja            | Joint Secretary    | Cocounut Grower & Business |
| 5             | V.R. Vijayagopal    | Treasurer          | Business                   |
| 6             | S.Venkatesh Prabhu  | Joint Treasurer    | Cocunut Grower & Merchant  |
| 7             | R.Sujith Kumar      | E.C.Member         | Coir Pith Exporter         |
| 8             | A.Vinoth Kumar      | E.C.Member         | Coir Pith Merchant         |
| 9             | R.Suguna Saraswathi | E.C.Member         | Coir Pith Merchant         |
| 10            | P.Rajendran         | E.C.Member         | Cocunut Grower & Merchant  |
| 11            | P.Sharmila          | E.C.Member         | Coir Pith Exporter         |
| 12            | S.Anitha            | E.C.Member         | Coconut Grower             |
| 13            | R.P.Ramkumar        | E.C.Member         | Coir Pith Manufacturer     |
| 14            | K.R.Rajasekar       | E.C.Member         | Coir Pith Merchant         |
| 15            | A.Namagiri Raj      | E.C.Member         | Coir Pith Merchant         |

## 16 EXPECTED IMPACT

- Increased utilization of coconut husk by 20%, resulting in enhanced income for coconut farmers by 15%.
- Established network of husk suppliers/farmers with the cluster SPV
- Increase in the overall turnover of the cluster by 25%
- Production of value added competitive products and marketing through strengthened marketing linkages (both domestic and export)
- Post interventions, the Cluster's export earnings increase by 40%
- 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