

DETAILED PROJECT REPORT

Cluster Location: METTUR, SALEM
(SPV: Mettur Coir Mat Consortium Pvt. Ltd.)



Submitted to
Coir Board, Kochi

Prepared by:



ITCOT Consultancy and Services Ltd.
(Joint venture of ICICI, IDBI, IFCI, SIPCOT, TIIC, SIDCO and BANKS)

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EXECUTIVE SUMMARY

01.	Name of the cluster	Salem Coir Mat Cluster, Mettur Block, Salem District																		
02.	Type of cluster	Major cluster																		
03.	Location & Spread of the cluster	The cluster area is located in Salem district extends over 4 Blocks viz. Mecheri, Jalakandapuram, Tharamangalam and Edapddi. The cluster spread includes 20 Village Panchayats in Salem District. The Geographical spread of the cluster measures about 25-30 Km radius.																		
04.	Product range	The following products are produced in the cluster presently. <ul style="list-style-type: none"> • Coir Fibre • Coir Yarn 																		
05.	Size of cluster & Type of units	The total number of coir units available in the cluster area is around 372 units of which 45 Nos. are engaged in Fibre Extraction, 297 Nos. engaged in Yarn Spinning and 30 Nos. engaged in Hand rats production. The total number of beneficiaries estimated to be around 1500 members which includes the labor force in the cluster.																		
06.	Production & Turnover of Coir products in the cluster	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Product</th> <th style="width: 15%;">No. of units</th> <th style="width: 25%;">Production per annum</th> <th style="width: 35%;">Annual Turnover</th> </tr> </thead> <tbody> <tr> <td>Coir Fibre</td> <td style="text-align: center;">45</td> <td style="text-align: center;">20250 MT</td> <td style="text-align: center;">Rs.40.50 Crores</td> </tr> <tr> <td>Coir Yarn</td> <td style="text-align: center;">297</td> <td style="text-align: center;">5346 MT</td> <td style="text-align: center;">Rs. 17.11 Crores</td> </tr> <tr> <td>Hand ratts</td> <td style="text-align: center;">30</td> <td style="text-align: center;">75 MT</td> <td style="text-align: center;">Rs. 33.75 Lakhs</td> </tr> </tbody> </table>			Product	No. of units	Production per annum	Annual Turnover	Coir Fibre	45	20250 MT	Rs.40.50 Crores	Coir Yarn	297	5346 MT	Rs. 17.11 Crores	Hand ratts	30	75 MT	Rs. 33.75 Lakhs
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07.	Employment & Income level	<table border="1" data-bbox="759 232 1412 427"> <thead> <tr> <th data-bbox="759 232 1027 286">Activity</th> <th data-bbox="1027 232 1131 286">Male</th> <th data-bbox="1131 232 1287 286">Female</th> <th data-bbox="1287 232 1412 286">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="759 286 1027 340">Fibre Extraction</td> <td data-bbox="1027 286 1131 340">100</td> <td data-bbox="1131 286 1287 340">350</td> <td data-bbox="1287 286 1412 340">450</td> </tr> <tr> <td data-bbox="759 340 1027 394">Yarn Spinning</td> <td data-bbox="1027 340 1131 394">190</td> <td data-bbox="1131 340 1287 394">700</td> <td data-bbox="1287 340 1412 394">890</td> </tr> <tr> <td data-bbox="759 394 1027 427">Hand ratts</td> <td data-bbox="1027 394 1131 427">20</td> <td data-bbox="1131 394 1287 427">70</td> <td data-bbox="1287 394 1412 427">90</td> </tr> </tbody> </table> <p data-bbox="759 468 1412 622">The income level for the labours in the cluster is Rs.300/- for male workers and Rs.200/- for female workers</p>	Activity	Male	Female	Total	Fibre Extraction	100	350	450	Yarn Spinning	190	700	890	Hand ratts	20	70	90
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Fibre Extraction	100	350	450															
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Hand ratts	20	70	90															
08.	Key concern areas of the cluster	<ul data-bbox="810 633 1412 1473" style="list-style-type: none"> • The cluster is noted for huge production of yarn. The market prospects for yarn are good from January to June, during which the season for yarn is at its peak in North India. The remaining period, the cluster faces stagnation of yarn, resulting in distress sale. • Cluster's present production is limited to intermediate products such as fibre, yarn etc., which fetches reduced margin only. • Production of value added products is less with respect to the availability of raw material and market requirements. • Since the yarn is sold as such without any value addition, the cluster is affected due to the increased price fluctuation of yarn. • Coir pith generated in Coir fibre units in the cluster remains unutilized. 																
09.	Proposed Strategic Interventions	<p data-bbox="759 1518 1040 1552">Soft Interventions:</p> <ul data-bbox="810 1563 1114 1641" style="list-style-type: none"> • Capacity Building • Market Promotion <p data-bbox="759 1682 1412 1760">Hard Interventions (Common facility creation):</p> <ul data-bbox="810 1765 1276 1921" style="list-style-type: none"> • Building for Common facility • Common facilities proposed: <ul data-bbox="858 1850 1185 1921" style="list-style-type: none"> I) Tufted mats II) Model Green house <p data-bbox="759 1966 1412 2045">Thematic Interventions: Participation in activities such as national and</p>																

		international level brand promotion campaigns, New Media marketing, E-commerce initiatives etc., as detailed in the SFURTI implementation guidelines
10.	Budget for Soft interventions	Rs. 25.00 Lakhs
11.	Budget for Hard interventions	Rs. 311.00 Lakhs
12.	Total Project Cost including WC & Agencies cost	Rs. 412.66 Lakhs
13.	Means of Finance	Grant under SFURTI scheme: Rs.298.91 lakhs IA/SPV share : Rs. 113.75 lakhs
14.	Post Intervention scenario (Expected Impact)	<ul style="list-style-type: none"> ➤ Established facility for Value addition of Coir yarn (Tufted mats) within the cluster resulting in improved sales realization of Coir yarn manufacturers ➤ Strengthened marketing linkages (both domestic and export) for the proposed product (Tufted Mat) of CFC ➤ Due to the effect of Green house demonstration in the CFC, increased Green house agricultural practices among the farmers in the cluster ➤ Effective utilization of pith generated from fibre extraction units through production of Coir pith compost (for utilization in Green house) through convergence of other schemes. ➤ Increase in the overall turnover of the cluster by 20%, including the output of new enterprises established due to convergence of cluster initiatives. ➤ Increase in export earnings of the cluster by 10-15% due to the facilities created in CFC for manufacturing of value added products (PVC Tufted Mat) ➤ Employment generation of additional 20% (minimum 300 persons) is foreseen, considering the establishment of CFC & establishment of new enterprises due to convergence of cluster initiatives. ➤ Due to value addition and effective utilization of Coir pith, increase in the income level of labour work force in fibre extraction units by 10 – 15% is expected. ➤ Emergence of specialized support service providers and their active involvement in the development process

		<ul style="list-style-type: none"> ➤ 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 ➤ 100% Coverage of cluster members under social security schemes ➤ Improved access to financial capital for cluster members
15.	Cluster Management – Post interventions	<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. MYRADA, the NGO is proposed as the Implementing Agency (IA).</p> <p>A Special Purpose Vehicle (SPV) is formed and registered as Private Limited Company under sub-section (2) of section 7 of the Companies Act 2013 and rule 8 of the Companies (Incorporation) Rules, 2014 in the name of ”METTUR COIR MAT CONSORTIUM PRIVATE LIMITED” as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 15.09.15. The CIN of the company is U36104TZ2015PTC021781. The registration has been carried out with 7 members and 13 additional members are being included and the total number of members of the SPV is 20. The SPV will be strengthened to manage the Cluster activities in sustainable nature after the project implementation is over.</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.

Coir Board has entrusted the task of preparation of Diagnostic Study Report (DSR) of the Coir cluster located at Mettur block, Salem District, Tamilnadu to M/s.ITCOT Consultancy and Services Limited, Chennai. The DSR was prepared and submitted to Coir Board. Subsequently, Coir Board entrusted the task of preparation of Detailed

Project Report for the Mettur Coir cluster, Salem District. Accordingly, ITCOT has prepared the Detailed Project Report (DPR) for submitting the same for seeking final 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 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

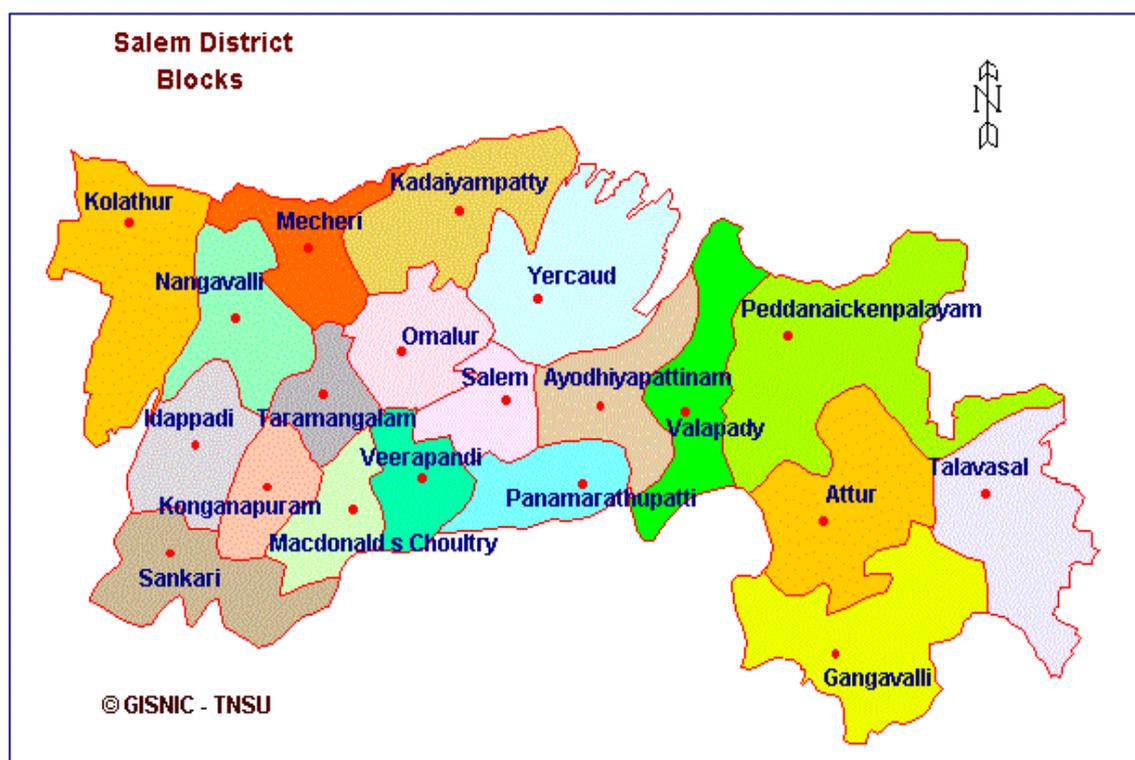
1.1 BACKGROUND

Salem District of the State Tamil Nadu, and other major towns in the district include [Mettur](#), [Omalur](#) and [Attur](#). Salem is surrounded by hills and the landscape dotted with hillocks. Salem has a vibrant culture dating back to the ancient Kongu Nadu. As a district, Salem has its significance in various aspects; it is known for mango cultivation, silver ornaments, textile, sago industries and steel production. In Salem town, a Coir cluster has already been developed under SFURTI scheme – Phase I and a Common facility center has been established for the production of Needled Felt Garden Articles and Semi automatic Geo-Textiles.

1.2 Regional setting of the Cluster

The regional setting of the cluster extends over 4 Blocks viz. Mecheri, Nangavalli, Tharamangalam and Edappadi.

The block map of Salem district is given below:



1.3 Location

The cluster spread includes 20 Village Panchayats in Salem District . The Geographical spread of the cluster measures about 25-30 Km radius.

1.4 Evolution of the Cluster

The Cluster is naturally evolved one. The total coconut cultivation area of Salem district is 14590 hectares (36052 Acres). The number of trees cultivated per acre is estimated as 65 Nos. The total coconut trees available in the cluster are estimated 23.43 Lakh Nos. The coconut yield per tree is estimated as 120 nuts per year. Thus 281.16 Million nuts are produced per year in the district.

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

1.5 Demography and Growth trends

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

Description	2011	2001
Actual Population	3,482,056	3,016,346
Male	1,781,571	1,563,633
Female	1,700,485	1,452,713
Population Growth	15.44%	17.20%
Area Sq. Km	5,237	5,237
Density/km ²	665	575
Proportion to Tamil Nadu Population	4.83%	4.83%

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:

Activity	Male	Female	Total
Fibre Extraction	100	350	450
Yarn Spinning	190	700	890
Hand ratt	20	70	90

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

Activity	Wages per day	
	Male	Female
Fibre Extraction	300	200
Yarn Spinning	300	200
Hand ratt	300	200

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

Salem District of the State Tamil Nadu, and other major towns in the district include [Mettur](#), [Omalur](#) and [Attur](#). Salem is surrounded by hills and the landscape dotted with hillocks. Salem has a vibrant culture dating back to the ancient Kongu Nadu. As a district, Salem has its significance in various aspects; it is known for mango cultivation, silver ornaments, textile, sago industries and steel production. In Salem town, a Coir cluster has already been developed under SFURTI scheme – Phase I and a Common facility center has been established for the production of Needled Felt Garden Articles and Semi automatic Geo-Textiles.

Salem is easily accessible from Bangalore, Coimbatore, Trichy, Madurai & Chennai. It also has rich Industrial base with Salem steel plant, SISCOL, MALCO,

CHEMPLAST & with regard to power generation also, the Thermal & Hydel power plant in Mettur contribute towards power supply to the state.

Salem is the National Centre for sago and starch products. The Salem region also houses the Tamil Nadu largest number of Sago industries which are engaged in the production Sago Foods and Starch. In Salem District alone, 34000 hectares of land is under tapioca cultivation which is the raw material for the sago industries and there are 650 units engaged in tapioca processing. In 1981, Salem Starch and Sago Manufacturers Service Industrial Co-operative Society Ltd (popularly called as SAGOSERVE) was established to promote the growth of sago industries. Nearly 80% of the national demand for Sago and Starch is being met by the Sagoserve.

Salem Steel Plant, a special steel unit of Steel Authority of India Ltd have their plant located in Salem which produces Cold rolled stainless steel and Hot rolled stainless steel/carbon steel. The plant can produce austenitic, ferritic, martensitic and low-nickel stainless steel in the form of coils and sheets with an installed capacity of 70,000 tonnes / year in Cold Rolling Mill and 1,86,000 tonnes / year in Hot Rolling Mill. In addition, the plant has country's first top-of-the-line stainless steel blanking facility with a capacity of 3,600 tonnes / year of coin blanks and utility blanks/circles.

Apart from these industries, Coir Fibre extraction and Yarn spinning are major activities undertaken in the district. In the cluster, There are about 45 units engaged in coir fibre extraction in the cluster. The current output of coir fibre is estimated at 20250 MT per annum. The Annual turnover out of coir fibre production in the cluster is estimated at Rs.40.50 Crores. There are about 297 units engaged in auto coir yarn spinning in the cluster. The current output of coir yarn is estimated at 5346 MT per annum. The Annual turnover out of coir yarn spinning in the cluster is estimated at Rs.17.11 Crores. There are about 30 units engaged in coir yarn spinning thro' Hand rats, production output being 45 MT per annum and the annual turnover by hand ratt spinning is estimated at Rs.33.75 lakhs.

1.9 Infrastructure – social, physical, financial and production related

The infrastructure details of Salem district is tabulated as below:

1.	Area	:	5237 Sq.K.M.			
2.	Population (as per Provisional 2011 Census)	:	3,482,056			
			Male	Female	Others	Total
			1,781,571	1,700,485	0	3,482,056
			Rural	Urban	Total	
		1,707,934	1,774,122	3,482,056		
3.	No.of Revenue Divisions	:	4			
4.	No.of Taluks	:	11			
5.	No.of Revenue Villages	:	655			
6.	No.of Panchayat Unions	:	20			
7.	No.of Village Panchayats	:	385			
8.	No.of Town Panchayats	:	33			
9.	No.of Municipalities	:	4			
10.	No.of Corporation	:	1 - Salem			
11.	No.of Parliamentary constituencies	:	1			
12.	No.of Assembly constituencies	:	12			
13.	Irrigation	:	Rivers : Cauveri, Sarabanga Nathi, Vasista Nathi and Suvetha Nathi			142613 Hect.
			Lakes : Govindavadi Eri, Ayyanar Koil Eri, Mookaneri Eri, Attur Pudu Eri, Umayalpuram Eri, Thedavoor Eri, Arangaloor Eri, Sendarapatty Eri, Naduvalur Eri, Sarvoy Perioya Eri and Vadaman Eri.			
14.	Road(KM)	:	National Highways			194.658
			State Highways & Rural Roads			2458.456
			Corporation & Municipalities Road			1185.632
			Panchayat Union & Panchayat Road			5642.780
			Town Panchayat Township Road			1184.980
			Others (Forest Roads)			201.167

The following industrial estates are located in Salem District.

- SIDCO, Five roads, Salem.

- Women SIDCO, Karupur, Salem.
- SIDCO, Veerapandi, Salem.

The following Coir societies are located in Salem District.

- Banapuram Coir Society, Banapuram, Mettur TK
- Azagusamuthram Coir society, Azagusamuthram, Steelplant road
- Central Coir society, Suramangalam
- Vellalagundam Coir society, Veeranam
- Chinnakrishnapuram coir society, Vazhapaddy.

There are totally 7323 registered Small scale industries and 43 Medium scale industries in Salem district.

2 CLUSTER VALUE CHAIN MAPPING

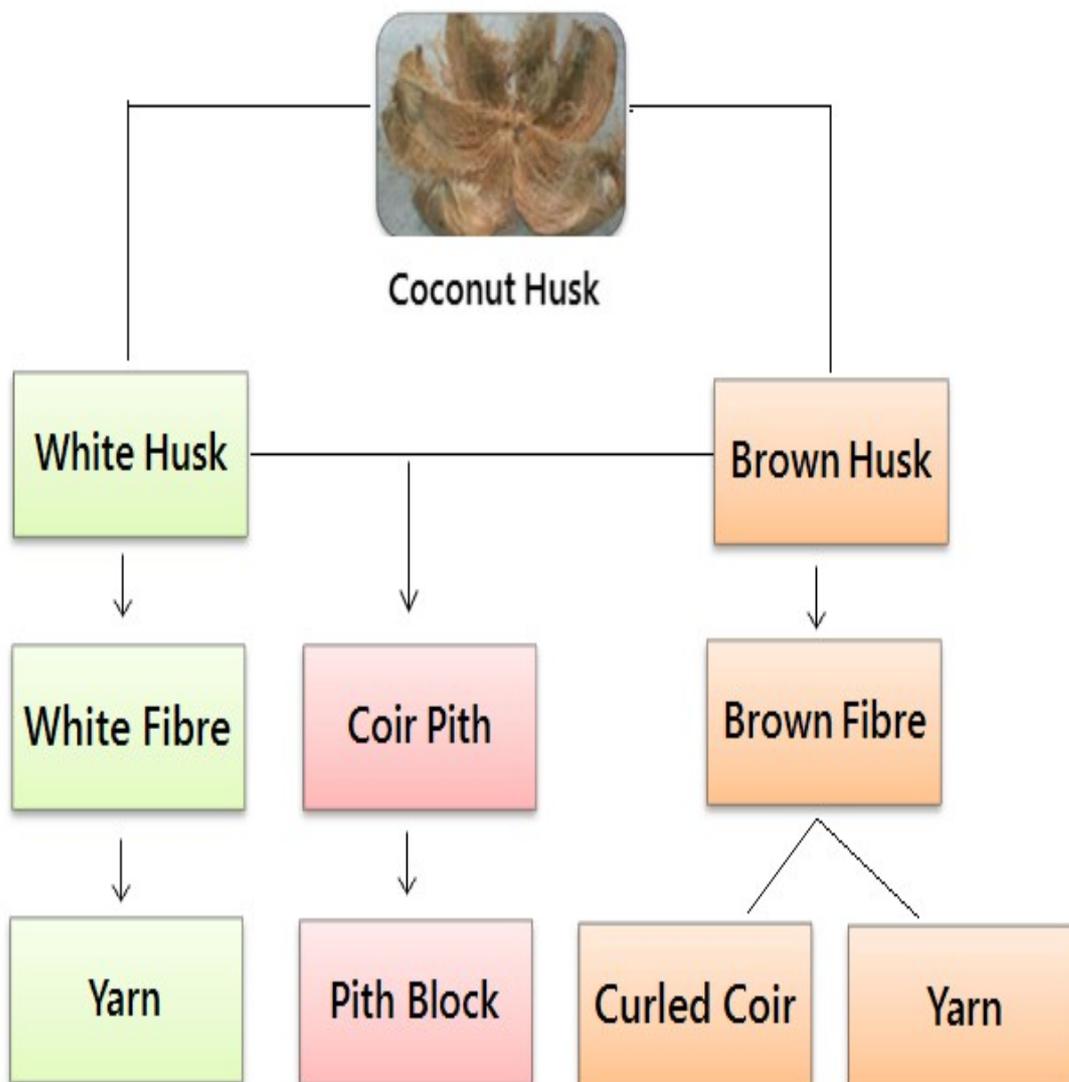
2.1 Product Profile

The following products are produced in the cluster presently.

- Coir Fibre
- Coir Yarn

2.2 Production Process

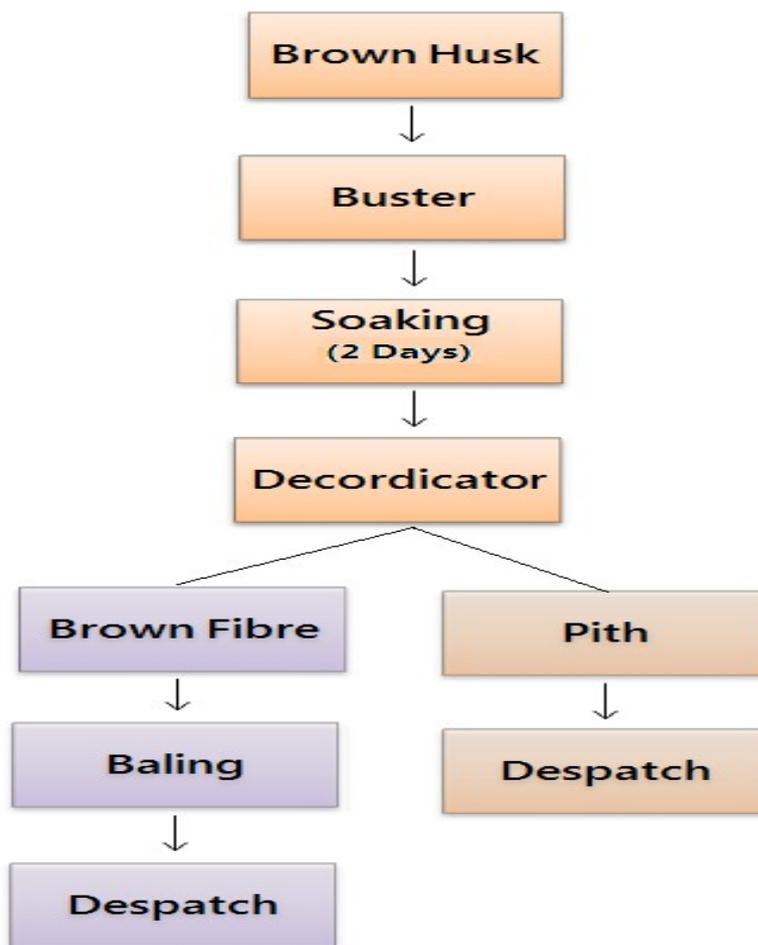
The Product flow from the raw material is depicted in the chart below:



Coir Fibre :

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

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

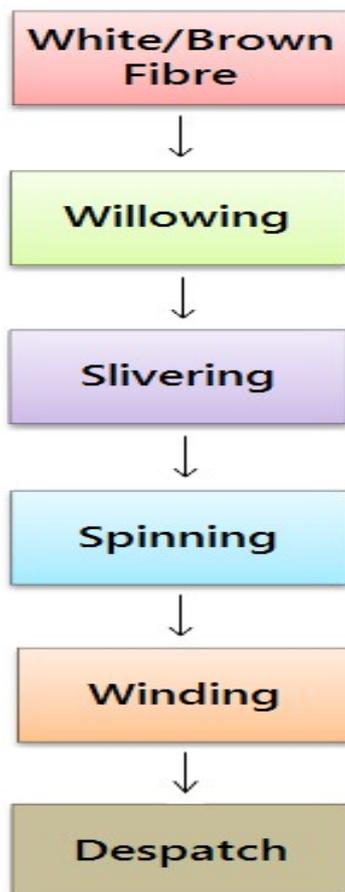


Coir Yarn:

Coir yarn spinning is similar to cotton yarn spinning. The processes involved are Willowing, Slivering, Spinning and Winding

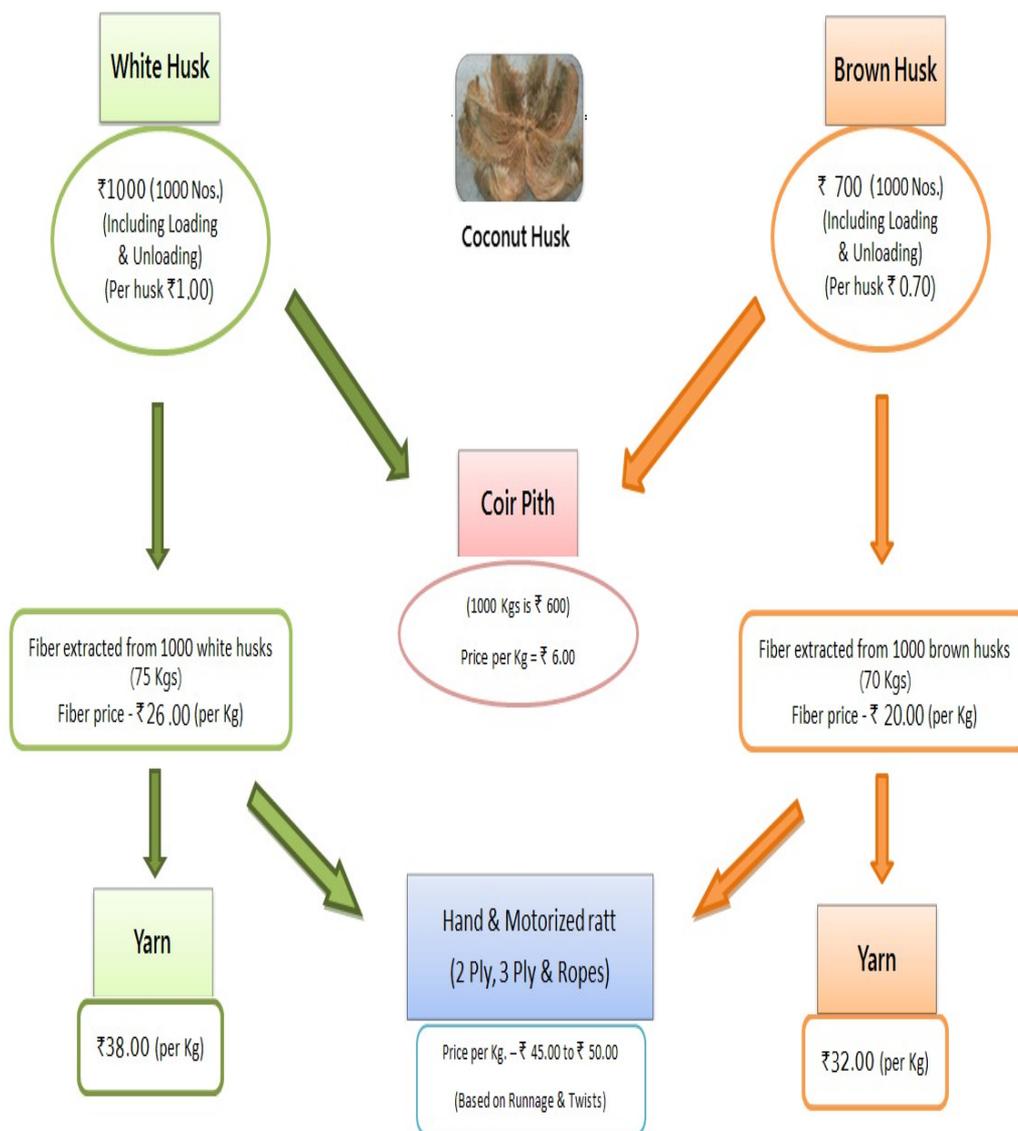
Coir fibre obtained from fibre extraction units and is wetted by spraying water. After 2-3 hours, the wetted fibre is passed through the willowing machine to remove the impurities and the fibres are placed parallel to each other. The fibre is then fed into a slivering machine wherein it is converted into 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:



2.3 Value Chain Analysis

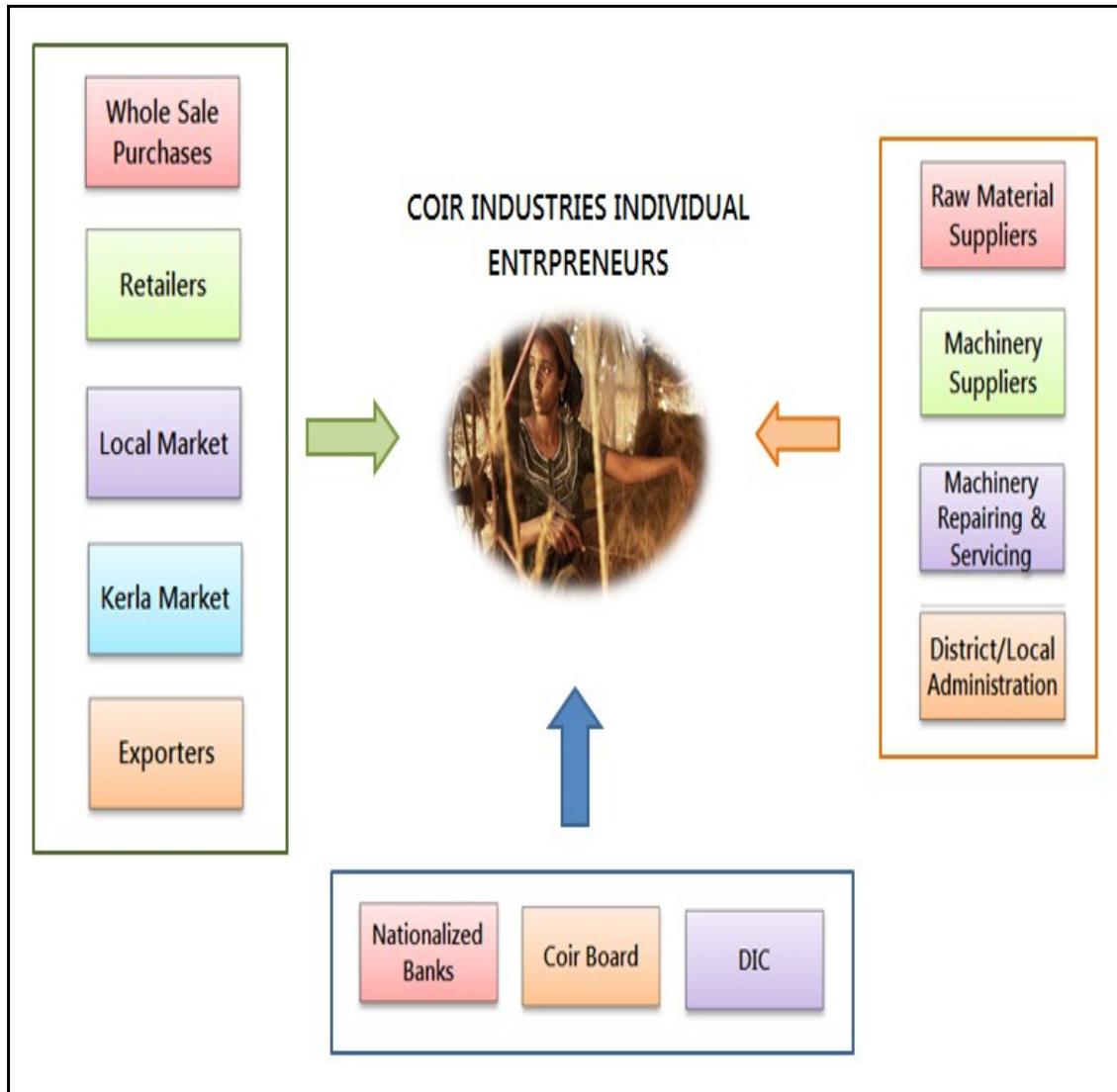
The incremental value of the cluster products from the basic raw material to the final product manufactured in the cluster is given below:



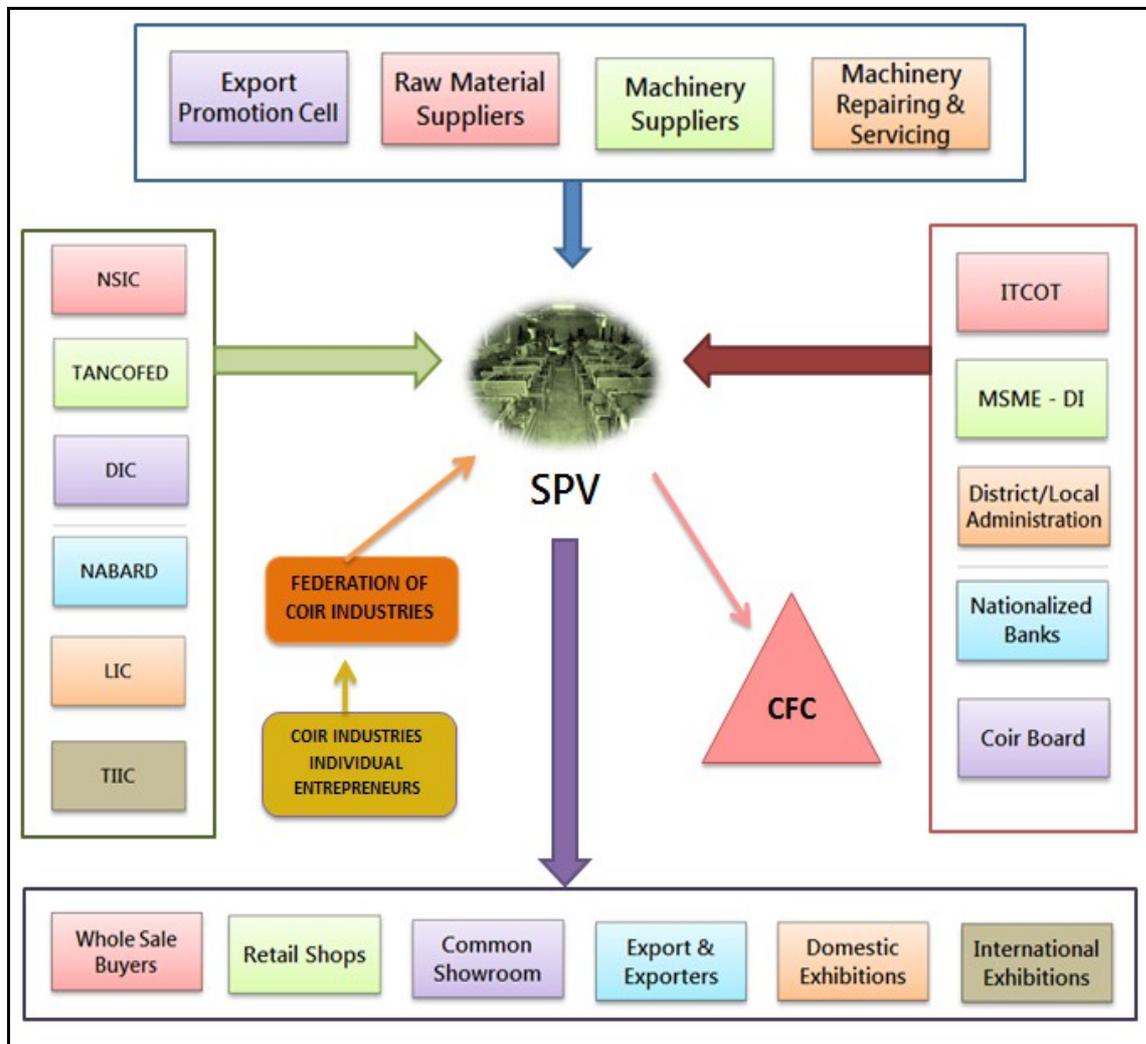
It is observed that the value addition in the cluster is limited to intermediate product level and the need and scope for value addition for coir sector in the cluster is considered significant. The cost of Green husk including loading and unloading is valued at Rs.1.00, which is incremented to Rs.26.00 per Kg. of fibre

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 150 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

Indian Bank is the lead bank in Salem district. Lead bank will do the role of that for financial assistance to be availed in the cluster.

ITCOT Consultancy and Services Limited (ITCOT)

ITCOT Consultancy and Services Limited, popularly known as ITCOT, is the state technical consultancy organization, promoted by all India financial institutions, State Development Corporations and Commercial Banks. ITCOT has wide experience in providing support services to micro and small enterprises under various government schemes. ITCOT, having its head office at Chennai, has project offices at Erode and Salem involved in enterprise promotion and development. ITCOT has been empanelled as Technical Agency under SFURTI scheme by KVIC and Coir Board.

Commercial & Cooperative Banks

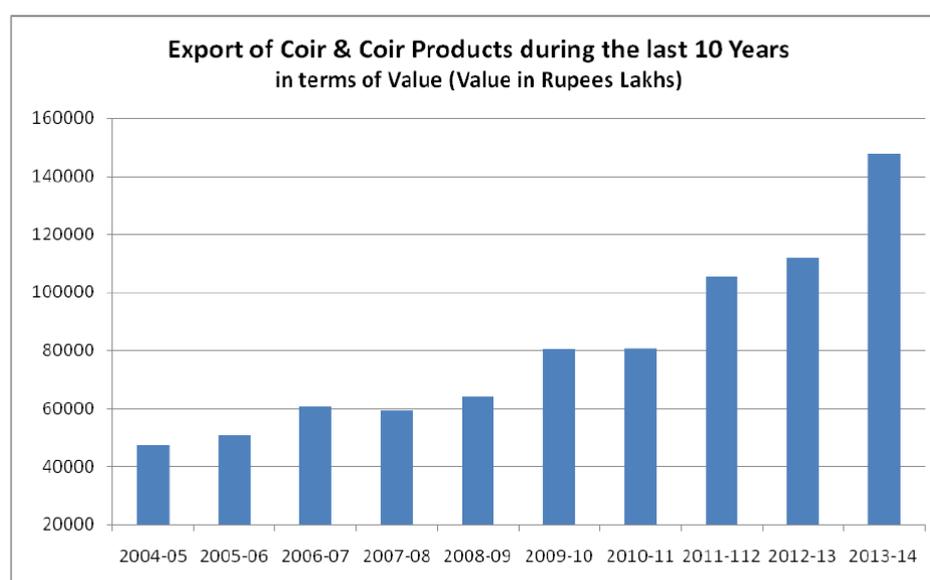
There is a good network of commercial Cooperative banks in the cluster. They offer both cash credit and term loan facilities to the coir industry. However, institutional finance for coir industry is limited and there is a large gap between the need for the credit and its availability.

3 MARKET ASSESSMENT AND DEMAND ANALYSIS

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

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

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



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

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

Quantities Rounded

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

Composition of Export (Share in %)

Name of the item	Apri2013-March 2014		Apri2012-March 2013	
	Qty %	Value%	Qty %	Value %.
Tufted Mat	8.15	28.30	8.68	30.08
Coir Pith	50.55	23.15	48.52	22.16
Handloom Mats	4.21	16.00	5.62	20.44
Coir Fibre	32.38	22.27	32.76	18.55
Geo Textile	0.83	2.37	0.84	2.36
Coir Yarn	0.79	1.93	0.98	2.14
Curled Coir	2.10	2.00	2.07	1.89
Handloom Matting	0.64	2.27	0.33	1.53
Rubberised Coir	0.18	1.06	0.07	0.44
Coir Rope	0.09	0.26	0.10	0.25
Coir Rugs & Carpet	0.02	0.07	0.02	0.12
Coir Other Sorts	0.02	0.11	0.01	0.04
Powerloom Mat	0.04	0.19	0.00	0.00
Total	100.00	100.00	100.00	100.00

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

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

As far as the cluster is concerned, Salem district is the significant market place for Coir yarn. The product line is limited to mainly Coir Fibre and Coir Yarn. Coir Fibre produced in the cluster is mostly utilized by the coir yarn units in the cluster. The Coir yarn produced in the cluster is marketed to northern states of the country.

4 SWOT AND NEED GAP ANALYSIS

STRENGTHS:

- Existence of well functioning industrial co-operative service society at Salem called “Salem central Coir Marketing Industrial Co-operative Society” and “Banapuram Coir Society”, Banapuram, Mecheri in the Cluster area.
- Readiness of entrepreneurs to work together in a common platform to undertake common development initiatives
- Existence of well established marketing centre for Coir fibre and Coir ropes.
- Availability of local machines, engineering workshops and lathes.
- Existence of functioning “Tamilnadu coir rope manufacturers association” and “Salem coir fibre & coir rope Traders association” at Salem.
- Presence of Support institutions such as Coir Board, District Industries Centre, Commercial banks, Technical consultancy organization etc.

WEAKNESSES:

- The market prospects for yarn is good from January to June, during which the season for yarn is at its peak in North India. The remaining period, the cluster faces stagnation of yarn, resulting in distress sale.
- Since the yarn is sold as such without any value addition, the cluster is affected due to the increased price fluctuation of yarn.
- Absence of collective/collaborative efforts to address common problems.
- Limited availability of skilled labour force
- Lack of formal networks for marketing and input procurement
- Limited contact with BDS providers and Technical Institutions
- Weak linkages with banks and financial institutions
- Over dependence on local Traders.

OPPORTUNITIES:

- Potential for product diversification and value addition from existing products.
- Increasing Domestic and Export market for coir products.

- Good scope for manufacturing of value added /diversified products viz: Tufted mats, Garden Articles Geo textiles, Rubberized coir, Matts & Mattings, Coir ply board etc.
- Common procurement of raw material for availing price benefits.
- Implementation of SFURTI Scheme for focused development of the cluster.

THREATS:

- Competition from products such as Nylon, Jute Sisal fibre etc.
- 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:

- The cluster is noted for huge production of yarn. The market prospects for yarn is good from January to June, during which the season for yarn is at its peak in North India. The remaining period, the cluster faces stagnation of yarn, resulting in distress sale.
- Cluster's present production is limited to intermediate products such as fibre, yarn etc., which fetches reduced margin only.
- Production of value added products is less with respect to the availability of raw material and market requirements.
- Since the yarn is sold as such without any value addition, the cluster is affected due to the increased price fluctuation of yarn.
- Coir pith generated in Coir fibre units in the cluster remains unutilized.

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

MYRADA, the Non Government Organization, having its registered office at Bangalore and project office at Gobichettipalayam, Erode District, about 50 Kms. from the Cluster is proposed as the Implementing Agency of this cluster. MYRADA has regional presence in Tamilnadu in Gobichettipalayam, Sathyamangalam, Nilgris and Hosur.

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

B. Profile of the Implementing Agency (IA)

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

	Governing Body/ Managing committee and Background of Member	4	Shri.Gautam Basu	Member	IAS (Rtd)
		5	Smt.Sobha Nambisan	Member	IAS
		6	Shri.Arvind G.Risbud	Member & Executive Director	IAS (Rtd)
		7	Shri.A.P.Fernandez	Member Secretary	-
B.7	In case, IA is registered under Companies Act, provide shareholding pattern	#	Name of Member	Background / profile	Shareholding (%)
		-	-	-	-
		-	-	-	-
		-	-	-	-

III	Operational Profile		
B.8	Major objectives – Vision, Mission, Goal of the organization	Mission: “ <i>Building institutions of the poor and marginalized which are appropriate to the resource to be managed and objectives to be achieved</i> ”	
B.9	What are focus areas of operation	<ul style="list-style-type: none"> • Livelihoods, • Local governance, • Environment and natural resource management, • Health • Education • Training/Capacity building/Networking/Sharing 	
B.10	Provide key project / activities being undertaken by the IA – Brief description including the project scope, size and duration (<i>mention specific experience in the area/ sector of the proposed project</i>)	<ul style="list-style-type: none"> • CBO formation, • Watershed, • Technology promotion in Agriculture & Livestock, • Skill training & Capacity Building 	
B.11	Mention key clients/donor associated with for project implementation along with details on the nature of association	<ul style="list-style-type: none"> • ICAR • ATMA • NHM • NABARD etc. 	
B.12	Mention key partnership / alliances (if any)	ICAR (Indian Council of Agriculture Research)	
IV	Management Profile		
B.13	Background of key Personnel (Professionals and others) with brief profile of the senior management personnel)	Enclosed as Annexure	
V	Financial Position		
B.14	Key financials of the organization (<i>provide copy of the audited financial statements for last three years</i>)	Fixed Assets	Rs.62,96,266.00
		Current Assets	Rs.1,53,26,556.00
		Current Liabilities	Rs.8,74,300.00
		Revenue trend for last three years	-
		Profit/loss for the last three years	-
		Any other	-
VI	Bank Account Details		
B.15	Name of Bank	Corporation Bank	
B.16	Branch Name	Gobichettipalayam	
B.17	Bank Account Number	110900101000353	
VII	Contact Details		
B.18	Name of Contact Person	Mr. Ethiraj Murugan	
B.19	Designation of Contact Person	Programme Officer	
B.20	Correspondence Address	MYRADA HOSUR PROJECT Kelamangalam road, Thulasi Nagar Achettipalli post, Hosur Krishnagiri District Tamilnadu, PIN - 638110	
B.21	Contact Number	04344 - 263108	
B.22	Email Address	myradakyk@gmail.com	

6 PROJECT CONCEPT AND STRATEGY FRAMEWORK

6.1 Project Rationale

The existing product range in the cluster is limited to intermediate products such as Coir Fibre, yarn. The value addition undertaken in the cluster is very limited. Hence production of Value added competitive product is perceived to be a requirement of the cluster to boost up the cluster turnover, which would result in enhanced value chain on the whole.

The Cluster is concentrated with Coir yarn units and the scope for further value addition of Coir yarn is immense. In order to directly benefit the coir yarn units in the cluster, value addition of coir yarn is considered an apt infrastructure for the cluster.

6.2 Project Objective

- To engage in production of value added competitive products to increase the cluster turnover substantially and to enhance the value chain of the cluster
- To create suitable infrastructure for substantial increase of cluster turnover
- Production of value added commercial products that augment the income level of huge number of employees/ artisans engaged coir yarn spinning

6.3 Focus Products/Services

- Tufted Mats – PVC Tufted (Vinyl backed) mats and mattings rolls are made by tufting natural coir fibre into thin layer of PVC.
- Garden Articles - These products are made out of coir fibre. Garden Articles ranges from poles to plant pots to hanging baskets which the essential tools required for modern day gardening.

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)

7.1 SOFT INTERVENTIONS

CAPACITY BUILDING

- Trust Building & Awareness Programme: For strong association among cluster members to undertake common development initiatives and to provide awareness about SFURTI scheme benefits, Cluster development initiatives and the prospects for value added products in Coir sector.
- Training programme on Green house farming: To provide awareness and training to farmers on Green house farming in order to adopt improved farm practices utilizing coir pith as manure.
- Entrepreneurship Development Programme: To foster entrepreneurship among cluster members.
- Skill Upgradation Programme: To increase the skilled labour force in the cluster to address the problem of limited skilled labour availability.
- Exposure Visit: Visit to other vibrant cluster, research institutions etc. to understand the synergic effect and dynamics of vibrant clusters and to demonstrate the technology and marketability for value added products.

MARKET PROMOTIONAL ACTIVITIES

- Market Study Tour: To enable the cluster members to gain a deeper understanding of business environment & 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.

7.2 HARD INTERVENTIONS

CREATION OF COMMON FACILITY CENTRE:

The following common facilities are proposed for the Mettur Coir Cluster to enhance raw material utility, marketability and profitability.

- I) Tufted mats
- II) Model Green house

7.3 THEMATIC INTERVENTIONS

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

8 SOFT INTERVENTIONS

CAPACITY BUILDING

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

S. No	Particulars	
1	Proposed Programme / Intervention	Entrepreneurship Development Programme
2	Target group	Coir Entrepreneurs
3	No. of Batches	2
4	Batch size	25 nos
5	Training content	Motivation, Govt Subsidy Schemes, Banker role in Industries, Government statutory approvals, Marketing
6	Trainer / Training Institution	ITCOT Consultancy and Services Limited
7	Cost of Training programme	Rs. 2,50,000/-
8	Implementation timeline	Year I Quarter III

S. No	Particulars	
1	Proposed Programme / Intervention	Skill upgradation Programme
2	Target group	Coir workers
3	No. of Batches	2
4	Batch size	25 nos
5	Training content	Skill Training for Coir PVC Tufting Mat, & Coir Paper Board .
6	Trainer / Training Institution	Coir Board (at CCRI, Alleppey)
7	Cost of Training programme	Rs. 2,50,000/-
8	Implementation timeline	Year I Quarter III & Quarter IV

S. No	Particulars	
1	Proposed Programme / Intervention	Exposure tours

2	Target group	Coir Entrepreneurs
3	No. of batches	As per requirement
4	Programme content	Visiting other Coir clusters to understand cluster dynamics and technology update
5	Coordinating Institution	ITCOT Consultancy and Services Limited
6	Cost of programme	Rs. 2,50,000/-
7	Implementation timeline	Year II Quarter I

S. No	Particulars	
1	Proposed Programme / Intervention	Training programme on Green house farming
2	Target group	Farmers
3	No. of Batches	2
4	Batch size	50 nos
5	Training content	Green house farming demonstration and improved farm practices utilizing Coir pith as manure
6	Trainer / Training Institution	ITCOT Consultancy and Services Limited
7	Cost of Training programme	Rs. 1,50,000/-
8	Implementation timeline	Year II Quarter II

MARKET PROMOTION

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

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

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

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

9 HARD INTERVENTIONS

CREATION OF COMMON FACILITY CENTRE:

Land:

The land to an extent of 15,000 Sq.ft. is proposed to be taken for lease by the SPV for a period of 15 years. The land is located at No.47 Terkathiyanoor, Tharamangalam Main Road, Nangavalli, Mettur Taluk, Salem District. The location has other infrastructural facilities such as road, power etc. and is suitable for the proposed CFC.

Cost & Area of Building works:

CFC activities	Built up Area (in Sq.ft)	Rate/Sq.ft. (in Rs.)	Cost of Building (Rs. in Lakhs)
Work shed for Coir Tufting mat Manufacturing	8000	800	64.00
TOTAL			64.00

The following common facilities are proposed for the Mettur Coir Cluster to enhance value addition of coir yarn in the cluster and to demonstrate farmers in the cluster region on Green house farming and improved farm practices by utilizing Coir pith as manure.

9.1 PVC Tufting Mat

9.1.1 Project Description

PVC/Latex tufting machine is used to manufacture coir mats with PVC or Latex backing. The mat is made by tufting the coir yarn on the PVC or Latex base. This has the advantage of cutting into any shape without edge finishing.

The process flow chart for PVC Tufting Mat is given below:



9.1.2 Project justification

The project is proposed in order to enable the cluster to enter the manufacturing arena of value added marketable product. In addition, PVC Tufting Mat enjoys prospective export market.

9.1.3 Proposed Machineries and Cost

PVC/ Latex Tufting mat machine with Supporting Machinery:

PVC/Latex Tufting machine 200 cm width consisting of Pre-heater, creel stand, Cutting head, Doctor blade for thickness adjustment, PVC feed pipe line, Heating oven(Length 16 meters), Conveyor, Chilling zone (Length 4 meters), Rewinder unit for PVC mat roll, Electrical Panel Board and attached with inline Shearing and longitudinal slitting & cross cutting arrangement alongwith PVC mixer with carrying vessels, Diaphragm pump for PVC Compound, Teflon belt conveyor, Thermic fluid heater, Chimney, Air compressor 10HP, Shearing machine, Dust collectors, Cyclone, Spray bleaching machine, Diesel Generator (125 KVA), Airline tufting and bleaching machine with electrical cabling and civil work for foundation, erection and comm..

PVC Tufting Machine with complete setup
(Production capacity 800 Sq. M. per shift)

- Rs. 2,42,00,000/-

9.1.4 Installed capacity & production quantity

Year	1	2	3	4	5
Installed capacity per annum (in Sq. m)	240000	240000	240000	240000	240000
Capacity utilization	60%	70%	80%	80%	80%
Production quantity per annum (in Sq. m)	144000	168000	192000	192000	192000

9.1.5 Raw material availability

The raw material (PVC and Coir Yarn) required for Tufting mat is estimated to be 2.50 Kgs of Coir yarn and 3.50 Kgs of PVC per Sq.M. of output. Coir yarn required will be sourced within the cluster. PVC/Rubber materials are to be sourced from Bangalore & Kerala. An agreement will be executed with the yarn suppliers to ensure uninterrupted supply.

9.1.6 Operation and maintenance model

The IA is responsible for the operation and maintenance of the CFC assets 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 Sales realization.

9.1.7 Market Strategy:

- a. SPV propose to focus on Export market for the tufted mats. The following prospective overseas buyers are identified:
 - i. Haylays Exports Limited, Elakaja, Srilanka.
 - ii. Navimpex, DiDier Bou Geard, Paris, France
 - iii. Euro Carpet Bv, Moses traat, Netherlands
- b. Establishing Dealer network & linkages with retail showrooms in Chennai, Bangalore, Mumbai & Delhi with attractive discount schemes
- c. Engaging Business Development Service providers to enhance the cluster market share in both domestic and export market for the product.

- d. Online marketing of cluster product is expected to capture around 20% of the total production.
- e. The segment wise market share for the sales of tufted mats manufactured in the CFC is given below:

S.No.	Proposed Market Segment	Anticipated Sales Percentage from each Segment	Corresponding Sales Value per annum
01.	Direct sales to retail outlets in major cities	30%	Rs.160.00 lakhs
02.	Thro' Dealer network for domestic sales	30%	Rs.160.00 lakhs
03.	Overseas marketing	20%	Rs.100.00 lakhs
04.	Online marketing (thro' Web portal)	20%	Rs.100.00 lakhs

9.1.8 Implementation timeline

Year II - Quarter 1,2 & 3 (Total Project timeline is given in Chapter 13)

9.2 Model Green house – Cucumber plantation

The cluster is characterized by farmers engaged in traditional farming. It is proposed by the SPV to experiment an initiative to inculcate improved modern farming practices to the farmers, so as to utilize the coir pith generated from the Coir fibre extraction units effectively; otherwise the coir pith is unutilized or adversely utilized for other purposes (say, for fuel purpose).

For this reason, a model Green house to the extent of 2000 Sq.ft. is proposed as a component of the cluster development initiatives, to demonstrate the farmers of the advantage of Green house farming viz. *to have crops at a time of year when they can't be grown outdoors*. Protected crops are less apt to be damaged by wind, rain, and hail so the percentage of marketable products is higher. Yield is often higher as well, if you can provide optimum growing conditions for each crop. Greenhouses protect crops from many diseases, particularly those that are soil-borne and splash onto plants in the rain. And greenhouse crops may be protected from common field pests.

Hence it is proposed to demonstrate and train the farmers with the Green house farming techniques, which would naturally improve the efficiency and profitability as compared to the conventional farming. Also this initiative leads to increased utilization of Coir pith (generated in the Coir fibre units in the cluster) for agricultural purpose as manure, which is both beneficial to farmers and entrepreneurs engaged in Coir fibre extraction. The farmers are introduced with coir pith based manure of high utility and the entrepreneurs realize increased value for Coir pith generated.

The crop proposed for the model green house is Cucumber and the Cost of establishment and operation of one harvest cycle is estimated at Rs.2.00 lakhs and the same is included in the project cost.

Establishment and Operational Data – Model Green House:

Cost of Polyhouse for 1 Sq.M.	: Rs. 1,500/-
Cost of Polyhouse proposed (for 20 Sq.M.)	: Rs.30,000/-
Cost of Drip line (with motor &/ Pipe fittings)	: Rs. 40,000/-
Number of plants for 20 Sq.M.	: 750
Cost of Seed (for one cycle)	: Rs. 5000/-
Growbags required	: 750
Cost of Growbags	: Rs.45/- per bag
Total Cost of Growbags	: Rs.33,750/-
Total Cost of Nutrients	: Rs.25,000/-
Cost of Labour/Supervision	: Rs. 15,000/- per harvest cycle
Projected yield	: 4 Kgs. per plant
Selling price of fruit	: Rs.20/- per Kg.
Plant cycle	: 3 months

The optimum number of harvest cycles per annum is 3. The Growbags can be topped up for two harvest cycles with nutrient coir pith. Since this Green house is for demonstrative purpose, the income of the same is not considered in the CFC project financial computations.

9.2.1 Implementation timeline

Year II - Quarter 1 (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 cost and the means of finance for the project is given below:

S.No.	Proposed Interventions	Project Cost (Rs.Lakhs)	GOI Share (in lakhs)	SPV Share (in lakhs)
1	SOFT INTERVENTIONS			
1.1	Capacity Building			
1.1.1	Trust building and Awareness programme	1.00	1.00	-
1.1.2	Training program on Green house farming	1.50	1.50	-
1.1.3	Entrepreneurship Development Programme	2.50	2.50	-
1.1.4	Skill Upgradation Programme	2.50	2.50	-
1.1.5	Exposure Tour	2.50	2.50	-
	Total Capacity Building cost	10.00	10.00	
1.2	Market Promotion			
1.2.1	Market Study Tour	3.00	3.00	-
1.2.2	Participation in Trade fairs	6.00	6.00	-
1.2.3	Buyer Seller Meet	3.00	3.00	-
1.2.4	Tie up with Business Development Service (BDS) providers	3.00	3.00	-
	Total Market Promotion cost	15.00	15.00	-
	TOTAL SOFT INTERVENTIONS COST	25.00	25.00	-
				CONTD...

2	HARD INTERVENTIONS			
2.1	Building for CFC	64.00	48.00	16.00
2.2	Machinery & Other infra for Common Facility Proposed			
2.2.1	PVC Tufting Mat	242.00	181.50	60.50
2.2.2	Model Green House establishment accessories	2.00	1.50	0.50
2.2.2	Electricals & accessories	3.00	2.25	0.75
	Total Machinery & other infra cost	247.00	185.25	61.75
	TOTAL HARD INTERVENTIONS COST	311.00	233.25	77.75
	TOTAL INTERVENTIONS COST (SOFT & HARD)	336.00	258.25	77.75
3	Other Project Components			
3.1	Contingencies	4.67		4.67
3.2	Deposits	2.53		2.53
3.3	Preliminary & Preoperative Expenses	0.80		0.80
3.4	Working Capital for one cycle of operation	28.00		28.00
	Total Other Project Components	36.00		36.00
3	Cost of TA (8% of Total Interventions Grant Component)	20.66	20.66	
4	Cost of IA/SPV including CDE	20.00	20.00	
	TOTAL PROJECT COST	412.66	298.91	113.75

11 PLAN FOR CONVERGENCE OF INITIATIVES

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

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

The above initiatives would be undertaken with the participation of stakeholders on approval of the project. Notwithstanding the above initiatives, it is expected that the benefits of various other schemes such as Coir Udyami Yojana, PMEGP etc. for individual cluster members are foreseen as below:

Scheme	No. of beneficiaries/ Activity	Cost of project	Scheme Funding	Bank Loan	Promoter Contribution
Coir Udyami Yojana	20 (Coir pith compost units)	20 members x Rs.5.00 lakhs = Rs.100 lakhs	Rs.40.00 Lakhs	Rs.55.00 Lakhs	Rs.5.00 Lakhs
PMEGP	5 (Coir Fibre Extraction units)	5 members x Rs.25.00 lakhs = Rs.125.00 lakhs	Rs.43.75 Lakhs	Rs.75.00 Lakhs	Rs.6.25 Lakhs
	TOTAL	Rs.225.00 Lakhs	Rs.83.75 Lakhs	Rs.130.00 Lakhs	Rs.11.25 Lakhs

The additional investment estimated in the cluster is Rs.225.00 Lakhs with the scheme funding of Rs.83.75 lakhs, bank credit of Rs.130.00 lakhs and the promoter's contribution of Rs.11.25 lakhs.

12 ENHANCED PROJECT COST AND MEANS OF FINANCE

The Project cost and Means of Finance of CORE SFURTI project is illustrated in **Chapter 8**. 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.

Considering the convergence of other scheme benefits for individual cluster members, as foreseen in Chapter 11, the enhanced project cost and means of finance is given below:

(Rs.Lakhs)

S.No.	Component	Total Cost	Grant Component	Promoter's Contribution & Bank Loan
01.	Core SFURTI	412.66	298.91	113.75
02.	Convergence initiatives (Establishment of individual units under various schemes)	225.00	83.75	141.25
	TOTAL	637.66	382.66	255.00

The enhanced project cost including the Core SFURTI and other convergence initiatives works out to Rs.637.66 lakhs, whereas the corresponding Grant component is Rs.382.66 lakhs and that of Contribution and bank loan is Rs.255.00 lakhs.

13 PROJECT TIMELINE

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

S.No.	Proposed Interventions	Period	
		Year	Quarter
1	SOFT INTERVENTIONS		
1.1	Capacity Building		
1.1.1	Trust building and awareness programme	I	Q1, Q2
1.1.2	Entrepreneurship Development Programme	I	Q3
1.1.3	Skill Upgradation Programme	I	Q3,Q4
1.1.4	Training program – Green house farming	II	Q2
1.1.5	Exposure Tour	II	Q1
1.2	Market Promotion		
1.2.1	Market Study Tour	II	Q1/Q2
1.2.2	Participation in Trade fairs	II	Q2/Q3
1.2.3	Buyer Seller Meet	II	Q3/Q4
1.2.4	Tie up with Business Development Service (BDS) providers	III	Q1/Q2
2	HARD INTERVENTIONS		
2.1	Land Lease (15000 Sq.ft. – 15 years lease)	I	Q1
2.2	Building for CFC	I	Q3,Q4
2.3	Establishment for Common Facility Proposed		
2.3.1	Tufted Mat	II	Q1,Q2,Q3
2.3.2	Model Green house	II	Q1

Project activity	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SOFT INTERVENTIONS												
Capacity Building												
Trust building and awareness programme	Yellow	Yellow										
Entrepreneurship Development Programme			Light Blue									
Skill Upgradation Programme			Orange	Orange								
Training/ Demo on Green house farming						Green						
Exposure Tour					Light Purple							
Market Study Tour					Magenta	Magenta						
Participation in Trade fairs						Light Orange	Light Orange					
Buyer Seller Meet							Grey	Grey				
Tie up with Business Development Service (BDS) providers									Light Green	Light Green		
HARD INTERVENTIONS												
Building for CFC					Blue	Blue						
PVC Tufting mat Facility						Green	Green					
Model Green house					Blue							

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:

Installed Capacity per shift	800	Sq.M. of Tufted Mat
Number of shifts per day	1	
Number of days per annum	300	
Installed Capacity per annum	240000	Sq.M.
Selling Price	Rs. 380.00	per Sq.M.
Raw material (Yarn) reqt. per Sq.M.	2.50	Kgs.
Cost of Yarn	Rs. 40.00	per Kg.
Raw material (PVC) reqt. per Sq.M.	3.50	Kgs.
Cost of PVC	Rs. 45.00	per Kg.
Capacity Utilisation		
- First year	60%	
- Second year	70%	
- Third year onwards	80%	
Power Cost	Rs.6.50	per KWH
Lease Rental for CFC Land	Rs.5,000.00	per month in the first year and 10% every year
Repairs & Maintenance	2.00%	of P&M cost in the first year of operation and 10% increase in every subsequent years
Administrative Expenses	1.00%	Of sales realisation
Selling Expenses	2.50%	Of sales realisation

The Sales Realization, Profitability and Break Even point worked out on the above said assumptions are given below:

	(Rs.lakhs)				
Year	1	2	3	4	5
Annual Sales Realization	547.20	638.40	729.60	729.60	729.60
Profit Bef. Tax	93.70	116.42	139.03	136.82	134.46
Provision for taxation	15.88	29.52	41.74	44.22	45.87
Profit after Tax	77.81	86.90	97.29	92.60	88.59
Break Even Point	36%	32%	29%	30%	31%

Net Present Value (NPV) : Rs.138.99 lakhs

Internal Rate of Return (IRR) : 21.58%

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. The Implementing agency is MYRADA, the Non Government Organization, having its registered office at Bangalore and project office at Gobichettipalayam, Erode District, The above agencies work in tandem towards the successful implementation of the project in a sustainable manner.

15.3 Structure of the SPV

A Special Purpose Vehicle (SPV) is formed and registered as Private Limited Company under sub-section (2) of section 7 of the Companies Act 2013 and rule 8

of the Companies (Incorporation) Rules, 2014 in the name of ”**METTUR COIR MAT CONSORTIUM PRIVATE LIMITED**” as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 15.09.15. The CIN of the company is U36104TZ2015PTC021781. The registration has been carried out with 7 members as Directors and 13 additional members, who have evinced interest are proposed to be included as shareholders. The SPV will be strengthened to manage the Cluster activities in sustainable nature after the project implementation is over.

15.4 Composition of the SPV

An SPV is formed initially with 7 Directors and the list is given below:

S.No.	Name	Designation	Present Activity
1	R.Paramasivam	Chairman	Coconut & Coir Business
2	B.Babu	Managing Director	Coir Yarn
3	Mr.R.V.Senthil Kumar	Director	Coir Fibre
4	Mr.T.C.Murugesan	Director	Coir Yarn
5	Mr.L.Lenindurai	Director	Coir Yarn
6	Mr.S.Kannan	Director	Coir Yarn
7	Mr.P.Gunasekar	Director	Coir Yarn
Additional SPV members proposed			
8	K.Anbalagan	Shareholder	Coir Fibre
9	R.Vanangamudi	Shareholder	Coir Yarn
10	P.Radha	Shareholder	Coir Yarn
11	P.Ulaganathan	Shareholder	Coir Yarn
12	P.Prabhu	Shareholder	Coir Yarn
13	R.Shobana	Shareholder	Coir Fibre
14	K.Panneer Selvam	Shareholder	Coir Yarn
15	G.Sajjan	Shareholder	Coir Yarn
16	A.S.N.Sahathab	Shareholder	Coir Yarn
17	L.Stalin raja	Shareholder	Coir Yarn
18	G.Kaveri	Shareholder	Coir Fibre
19	G.Sadhasivam	Shareholder	Coir Yarn
20	G.Prabhu	Shareholder	Coir Yarn

The Company propose to undertake share allotment to additional members on approval of the project.

16 EXPECTED IMPACT

- Established facility for Value addition of Coir yarn (Tufted mats) within the cluster resulting in improved sales realization of Coir yarn manufacturers
- Strengthened marketing linkages (both domestic and export) for the proposed product (Tufted Mat) of CFC
- Due to the effect of Green house demonstration in the CFC, increased Green house agricultural practices among the farmers in the cluster
- Effective utilization of pith generated from fibre extraction units through production of Coir pith compost (for utilization in Green house) through convergence of other schemes.
- Increase in the overall turnover of the cluster by 20%, including the output of new enterprises established due to convergence of cluster initiatives.
- Increase in export earnings of the cluster by 10-15% due to the facilities created in CFC for manufacturing of value added products (PVC Tufted Mat)
- Employment generation of additional 20% (minimum 300 persons) is foreseen, considering the establishment of CFC & establishment of new enterprises due to convergence of cluster initiatives.
- Due to value addition and effective utilization of Coir pith, increase in the income level of labour work force in fibre extraction units by 10 – 15% is expected.
- 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
- 100% Coverage of cluster members under social security schemes
- Improved access to financial capital for cluster members