

# DETAILED PROJECT REPORT

**Cluster Location: DHARMAPURI, TAMILNADU  
(Shree Mangalam Coir Mattress Private Limited)**



*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

| <b>01.</b>       | <b>Name of the cluster</b>                                       | Shree Mangalam Coir Mattress Private Limited<br>Dharmapuri  |                         |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
|------------------|--|---|-------------------------|--|----------|-------------|----------------------|-------------------------|------------------|-----|------|-------|------------|----|------|------|-------------|----|------|------|----------------|----|-----|------|--------------|------------|--|--------------|
| <b>02.</b>       | <b>Type of Cluster</b>   | Mini Cluster  |                         |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| <b>03.</b>       | <b>Location &amp; Spread of the cluster</b>                      | The cluster area is located in Dharmapurai district, extends over 3 Blocks viz. Dharmapuri, Karimangalam & Palakkodu. The cluster spread includes 18 Village Panchayats in Dharmapuri District. The Geographical spread of the cluster measures about 20-25 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 2 Ply Yarn</li> <li>• Curled Coir</li> <li>• Hand Ratt Rope</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 115 units of which 22 Nos. are engaged in Fibre Extraction, 18 Nos engaged in Curled Coir, 45 Nos. engaged in 2 Ply Yarn Spinning and 30 Nos. engaged in Hand ratt making. The total number of beneficiaries estimated to be around 850 members which include the labor force in the cluster.  |                         |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| <b>06.</b>       | <b>Production &amp; Turnover of Coir products in the cluster</b> | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Product</th> <th style="width: 15%;">No.of units</th> <th style="width: 25%;">Production (in MT's)</th> <th style="width: 30%;">Turnover (Rs.in Crores)</th> </tr> </thead> <tbody> <tr> <td>Coir Fibre</td> <td style="text-align: center;">22</td> <td style="text-align: center;">8250</td> <td style="text-align: center;">13.20</td> </tr> <tr> <td>2 ply Yarn</td> <td style="text-align: center;">45</td> <td style="text-align: center;">1125</td> <td style="text-align: center;">3.60</td> </tr> <tr> <td>Curled Coir</td> <td style="text-align: center;">18</td> <td style="text-align: center;">3350</td> <td style="text-align: center;">6.15</td> </tr> <tr> <td>Hand Ratt Rope</td> <td style="text-align: center;">30</td> <td style="text-align: center;">180</td> <td style="text-align: center;">0.90</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>115</b></td> <td></td> <td style="text-align: center;"><b>23.85</b></td> </tr> </tbody> </table> |                         |  | Product  | No.of units | Production (in MT's) | Turnover (Rs.in Crores) | Coir Fibre       | 22  | 8250 | 13.20 | 2 ply Yarn | 45 | 1125 | 3.60 | Curled Coir | 18 | 3350 | 6.15 | Hand Ratt Rope | 30 | 180 | 0.90 | <b>Total</b> | <b>115</b> |  | <b>23.85</b> |
| Product          | No.of units  | Production (in MT's)  | Turnover (Rs.in Crores) |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| Coir Fibre       | 22   | 8250  | 13.20                   |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| 2 ply Yarn       | 45   | 1125  | 3.60                    |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| Curled Coir      | 18   | 3350  | 6.15                    |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| Hand Ratt Rope   | 30   | 180   | 0.90                    |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| <b>Total</b>     | <b>115</b>   |   | <b>23.85</b>            |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| <b>07.</b>       | <b>Employment &amp; Income level</b>                             | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Activity</th> <th style="width: 15%;">Male</th> <th style="width: 15%;">Female</th> <th style="width: 40%;">Total</th> </tr> </thead> <tbody> <tr> <td>Fibre Extraction</td> <td style="text-align: center;">120</td> <td style="text-align: center;">330</td> <td style="text-align: center;">450</td> </tr> </tbody> </table>   |                         |  | Activity | Male        | Female               | Total                   | Fibre Extraction | 120 | 330  | 450   |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| Activity         | Male   | Female  | Total                   |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |
| Fibre Extraction | 120  | 330   | 450                     |  |          |             |                      |                         |                  |     |      |       |            |    |      |      |             |    |      |      |                |    |     |      |              |            |  |              |

|                  |   | <table border="1"> <tbody> <tr> <td>2 ply Coir Yarn</td> <td>60</td> <td>120</td> <td>180</td> </tr> <tr> <td>Curled Coir</td> <td>20</td> <td>40</td> <td>60</td> </tr> <tr> <td>Hand Ratt Rope</td> <td>10</td> <td>50</td> <td>60</td> </tr> <tr> <td>Total</td> <td>210</td> <td>540</td> <td>750</td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th rowspan="2">Activity</th> <th colspan="2">Wages per day (in Rs.)</th> </tr> <tr> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Fibre Extraction</td> <td>300</td> <td>200</td> </tr> <tr> <td>2 Ply Coir Yarn</td> <td>300</td> <td>200</td> </tr> <tr> <td>Curled Coir</td> <td>350</td> <td>250</td> </tr> <tr> <td>Hand Ratt Rope</td> <td>350</td> <td>250</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | 2 ply Coir Yarn | 60 | 120 | 180 | Curled Coir | 20 | 40 | 60 | Hand Ratt Rope | 10 | 50 | 60 | Total | 210 | 540 | 750 | Activity | Wages per day (in Rs.) |  | Male | Female | Fibre Extraction | 300 | 200 | 2 Ply Coir Yarn | 300 | 200 | Curled Coir | 350 | 250 | Hand Ratt Rope | 350 | 250 |  |  |  |
|------------------|---|--|-----------------|----|-----|-----|-------------|----|----|----|----------------|----|----|----|-------|-----|-----|-----|----------|------------------------|--|------|--------|------------------|-----|-----|-----------------|-----|-----|-------------|-----|-----|----------------|-----|-----|--|--|--|
| 2 ply Coir Yarn  | 60                                      | 120  | 180             |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Curled Coir      | 20                                      | 40   | 60              |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Hand Ratt Rope   | 10                                      | 50   | 60              |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Total            | 210                                     | 540  | 750             |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Activity         | Wages per day (in Rs.)                  |  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
|                  | Male                                    | Female   |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Fibre Extraction | 300                                     | 200  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| 2 Ply Coir Yarn  | 300                                     | 200  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Curled Coir      | 350                                     | 250  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| Hand Ratt Rope   | 350                                     | 250  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
|                  |   |  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| <b>08.</b>       | <b>Key Concern areas of the cluster</b> | <ul style="list-style-type: none"> <li>• Coir pith generated from Fibre extraction remain unutilized</li> <li>• The present production in the cluster is restricted mainly to intermediate products such as Coir fibre, Coir yarn and Curled coir only. Lack of awareness on the benefits of graduating to production of value added finished products.</li> <li>• In spite of immense scope, no initiatives undertaken for value addition of existing products.</li> <li>• Unacquainted with Business Development Service (BDS) providers, who would facilitate competitiveness thro' inputs on technology upgradation, value addition and market promotion.</li> <li>• Limited access to institutional finance.</li> </ul>   |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |
| <b>09.</b>       | <b>Proposed Strategic Interventions</b> | <p><b>Soft Interventions:</b></p> <ul style="list-style-type: none"> <li>• Capacity Building Programmes</li> <li>• Market Promotion Initiatives</li> </ul> <p><b>Hard Interventions:</b></p> <ul style="list-style-type: none"> <li>• Common facility proposed: <ul style="list-style-type: none"> <li>- <b>5 Kg. Pith block making</b></li> <li>- <b>Grow bags manufacturing</b></li> <li>- <b>650 gm. Pith briquette</b></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.,</p>  |                 |    |     |     |             |    |    |    |                |    |    |    |       |     |     |     |          |                        |  |      |        |                  |     |     |                 |     |     |             |     |     |                |     |     |  |  |  |

|            |  |  |                              |                         |                          |
|------------|--|--|------------------------------|-------------------------|--------------------------|
|            |  | as detailed in the SFURTI implementation guidelines  |                              |                         |                          |
| <b>10.</b> | <b>Budget for Soft interventions</b>                     | Rs. 25.00 Lakhs  |                              |                         |                          |
| <b>11.</b> | <b>Budget for Hard interventions</b>                     | Rs.125.00 Lakhs  |                              |                         |                          |
| <b>12.</b> | <b>Total Project cost (incl. WC &amp; Agencies cost)</b> | Rs.203.50 Lakhs  |                              |                         |                          |
| <b>13.</b> | <b>Means of Finance</b>                                  | Grant under SFURTI scheme : Rs.148.25 Lakhs<br>SPV share : Rs.55.25 Lakhs (incl. Working Capital)  |                              |                         |                          |
| <b>14.</b> | <b>Post Intervention Scenario (Expected Impact)</b>      | <b>S.No.</b>   | <b>Parameter</b>             | <b>Pre-intervention</b> | <b>Post-intervention</b> |
|            |  | 1  | Cluster Turnover (Rs. Lakhs) | 2385                    | 2915                     |
|            |  | 2  | Investment (Rs. Lakhs)       | 1150                    | 1425                     |
|            |  | 3  | Employment (Nos.)            | 750                     | 1050                     |
|            |  | 4  | Wages per day (Rs.)          | 300                     | 380 - 400                |
|            |  | 5  | Export earnings (Rs. Lakhs)  | Nil                     | 200 - 250                |
|            |  | 6  | Profitability (%)            | 8% to 10%               | 14% to 16%               |
|            |  | <ul style="list-style-type: none"> <li>▶ Emergence of specialized support service providers and their active involvement in the development process</li> <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>▶ 100% Coverage of cluster artisans under social security schemes</li> <li>▶ Improved access to financial capital for cluster members</li> </ul> |                              |                         |                          |
| <b>15.</b> | <b>Cluster Management</b>                                | The cluster is proposed to be developed under SFURTI (Scheme of Fund for Regeneration of   |                              |                         |                          |

|  |  |  |
|--|--|--|
|  |  | <p>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. MABASET, 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 Companies Act, 2013 and rule 8 of the Companies (Incorporation) Rules, 2014 in the name of <b>”SHREE MANGALAM COIR MATTRESS PRIVATE LIMITED”</b> as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 19.08.2015 Currently the SPV has 10 members and 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. Subsequently, Coir Board has entrusted the task of preparation of Detailed Project Report for the Coir Cluster located at Dharmapuri 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 diagnostic study report is as follows:

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



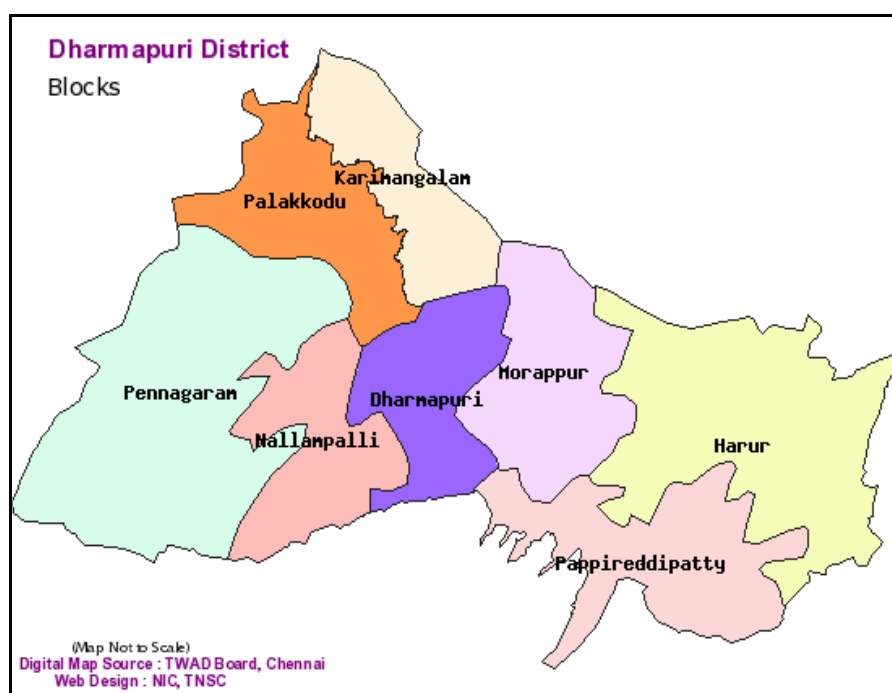
# 1 CLUSTER PROFILE

## 1.1 BACKGROUND

Dharmapuri district, which came into existence from 02.10.1965 is situated in the North western Corner of Tamil Nadu and is bounded by Tiruvannamalai and Villupuram Districts on the east, Salem District on the South, Krishnagiri District on the north and Kaveri river on the west. It is located between latitudes N 11 47' and 12 33' and longitudes E 77 02' and 78 40'. The total geographical area of Dharmapuri District is 4497.77 Sq Kms, i.e. 3.46% of Tamil Nadu.

## 1.2 Regional setting of the Cluster

The regional setting of the cluster extends over 3 Blocks viz. Dharmapuri, Karimangalam & Palakkodu. The block map of Dharmapuri district is given below:



The location of the cluster is adjacent to Salem district, which is a center of trade for the coir products and also to Krishnagiri district, which is known for industrial conglomeration, mainly at Hosur, the industrial city.

### **1.3 Location**

The cluster coverage extends to Dharmapuri, Karimangalam & Palakkodu block, Dharmapuri District. The Geographical spread of the cluster measures about 20-25 Km radius.

### **1.4 Evolution of the Cluster**

The Coir work can be observed across the District. The total coconut cultivation area of Dharmapuri district is 6,923 Hectares. The total production is 35467 Tones. It's mentioned that the coir industry at Dharmapuri is around seven decades old and gradually developed to the present level. At present the Coir Activities are taking place in Dharmapuri, Harur, Palacode, Pennagaram, Karimangalam & Pappirettipatti blocks of Dharmapuri District. The total production of nuts in the district is 121.16 million nuts.

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 Dharmapuri 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                   | 1,506,843   | 1,295,182   |
| Male                                | 774,303     | 670,520     |
| Female                              | 732,540     | 624,662     |
| Population Growth                   | 16.34%      | 15.27%      |
| Area Sq. Km                         | 4,497       | 4,497       |
| Density/km <sup>2</sup>             | 335         | 286         |
| Proportion to Tamil Nadu Population | 2.09%       | 2.08%       |

## 1.6 Socio-economic aspects

There is lot of scope for production of value added products having global demand. Coir Fibre is available in good quantity and quality. Coconut is cultivated in 6923 hectares in Dharmapuri District. 121.16 million nuts are produced and 60000 Metric Ton of fibre is produced per annum. The total turnover of the cluster is estimated around 200 crores per annum. There was a lot of demand for the fibre, two ply yarn and curled coir being produced here. The production and turnover of the coir units in the cluster is given below:

| Product        | No.of units | Production (in MT's) | Turnover (Rs.in Crores) |
|----------------|-------------|----------------------|-------------------------|
| Coir Fibre     | 22          | 8250                 | 13.20                   |
| 2 ply Yarn     | 45          | 1125                 | 3.60                    |
| Curled Coir    | 18          | 3350                 | 6.15                    |
| Hand Ratt Rope | 30          | 180                  | 0.90                    |
| Total          | 115         |                      | 23.85                   |

It is to be noted that existence of units in the base value chain of Coir product is strong in the cluster and provides ample scope for value addition within the cluster.

## 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 | 120  | 330    | 450   |
| 2ply Coir Yarn   | 60   | 120    | 180   |
| Curled Coir      | 20   | 40     | 60    |
| Coir Rope        | 10   | 50     | 60    |
| Total            | 210  | 540    | 750   |

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

| Activity              | Wages per day |        |
|-----------------------|---------------|--------|
|                       | Male          | Female |
| Fibre Extraction      | 300           | 200    |
| 2ply & 3ply Coir Yarn | 300           | 200    |
| Curled Coir           | 350           | 250    |
| Mat / Hand ratts      | 350           | 250    |

Among these workers, 70% belongs to OBC category, 25% SC category and remaining 5% belongs to other categories.

### **1.8 Key Economic Activities in the region**

Dharmapuri district forms a major horticultural belt in the state. As the area is drought-prone it has become essential to switch over to cultivation of drought tolerant perennial fruit crops in this district. Mango is the main horticulture crop of this district. It has the highest area under the fruit crops. The district accounts for nearly one-third area under mango and nearly one-half of the mango yield in the state. Palacode is the main area where tomato is cultivated. Chilli is cultivated mainly at Pennagaram. Other crops such as Coconut, Paddy, Tapioca, Sugarcane, Ragi, Groundnut, Turmeric, Tamarind, Cotton are cultivated in the district.

Dharmapuri district is endowed with sizeable reserves of Granite in Pennagaram, Harur and Palacode blocks. Another high value mineral available here is Malibdinum, which is a good conductor, available in Harur.

#### **DETAILS OF MAJOR CLUSTERS**

- i) Tamarind Processing
- ii) Jaggery Manufacturing
- iii) Tapioca Starch Manufacturing.
- iv) Power Looms (Towels)
- v) Printing

#### **INDUSTRIAL CO-OPERATIVE SOCIETIES :**

| <b>S. No.</b> | <b>Name of the society</b>                          | <b>Line of activity</b> |
|---------------|---|-------------------------|
| 1             | Dharmapuri District Polythene workers' ICS LTD.,    | Polythene Bags          |
| 2             | Dharmapuri S.M.P.S. ICS LTD.,                       | Match Services          |
| 3             | Dharmapuri District Small Scall Indl. Co-op Society | Engineering             |
| 4             | Chinnamanchavadi Hill Tribes Coconut ICS            | DORMANT Coir Yarn       |
| 5             | Harur Women Coir workers Indl. Co-op Society        | Coir Mats               |
| 6             | Navalai Coir workers Indl. Co-op Society            | Coir Yarn               |
| 7             | Kadamadai AD Coir workers Indl. Co-op Society       | Coir Mats               |
| 8             | Paparapatti AD Coir workers Indl. Co-op Society     | Coir Yarn               |
| 9             | Dharmapuri District Printers, Service ICS LTD.,     | Printing                |
| 10            | Sakkilipatti Cement Articles Mfrs ICS LTD           | Cement Articles         |
|               |   |                         |

### 1.9 Infrastructure details of Dharmapuri District

|    |  |  |                            |           |           |
|----|--|--|----------------------------|-----------|-----------|
| 1  | Area   | 4497 Sq.K.M.   |                            |           |           |
| 2  | Population ( as per Provisional 2011 Census) | 1,506,843  |                            |           |           |
|    |  | Male   | Female                     | Others    | Total     |
|    |  | 774,,303   | 732,540                    | 0         | 1,506,843 |
|    |  | Rural  | Urban                      | Total     |           |
|    |  | 1,245,931  | 260,912                    | 1,506,843 |           |
| 3  | No.of Revenue Divisions                      | 2  |                            |           |           |
| 4  | No.of Taluks                                 | 5  |                            |           |           |
| 5  | No.of Revenue Villages                       | 470  |                            |           |           |
| 6  | No.of Panchayat Unions                       | 8  |                            |           |           |
| 7  | No.of Village Panchayats                     | 251  |                            |           |           |
| 8  | No.of Town Panchayats                        | 10   |                            |           |           |
| 9  | No.of Municipalities                         | 1  |                            |           |           |
| 10 | Transportation                               | National Highways  | NH 7(Kanyakumari -Varnasi) |           |           |
| 11 | Industries                                   | Large Scale Industry – 1<br>Small Scale Industry - 328<br>Cottage Industries – 124 |                            |           |           |

A Sub-station commissioned by the Power Grid Corporation of India with a capacity of 765/400 KV sub-station at Somanaalli, in Dharmapuri district is notable in infrastructure point of view. The sub-station in an extent of 112 acre land on the Dharmapuri-Hogenakkal Road at a cost of Rs.800 crore functions as a transmission hub to transmit the power generated from the 4000 MW thermal power station in Tuticorin.

National Highways(N.H.7) connecting Kanyakumari to Kashmir, (N.H.46)Chennai to Bangalore, and (N.H.66) Pondichery to Bangalore passes through the District.

## 2 CLUSTER VALUE CHAIN MAPPING

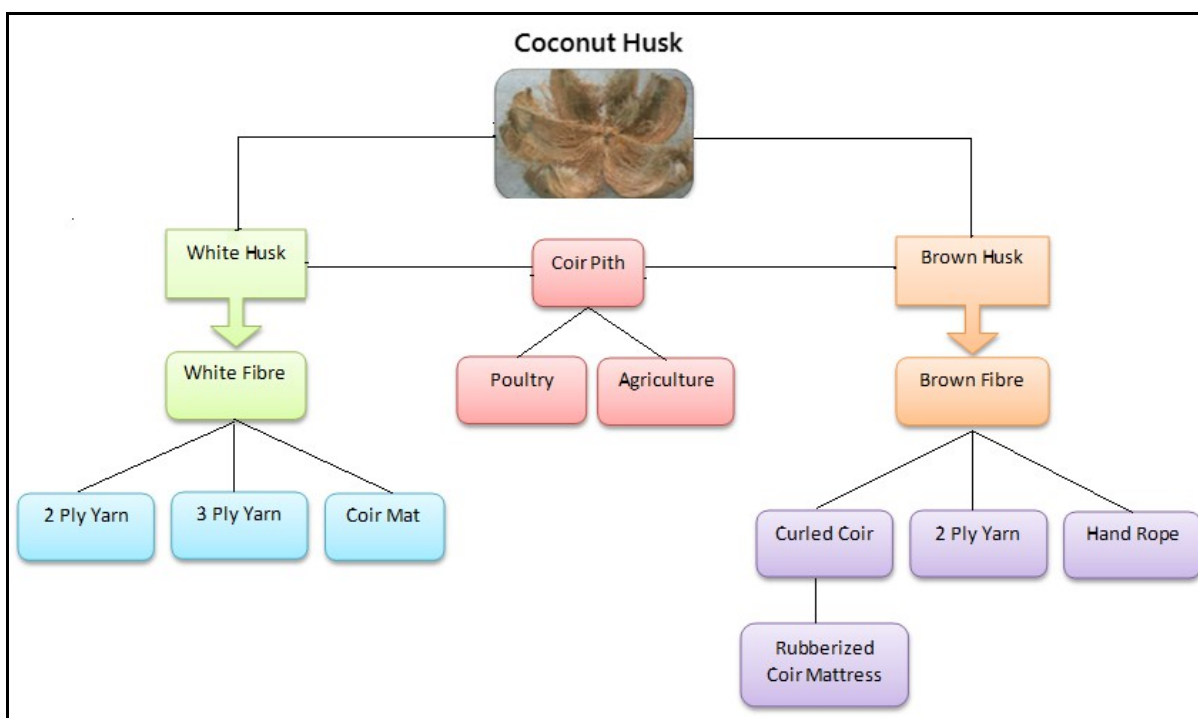
### 2.1 Product Profile

The following products are produced in the cluster presently.

- Coir Fibre
- Coir 2 Ply Yarn
- Coir 3 Ply Yarn
- Hand Ratt Rope
- Curled Coir
- Coir Mat

### 2.2 Production Process

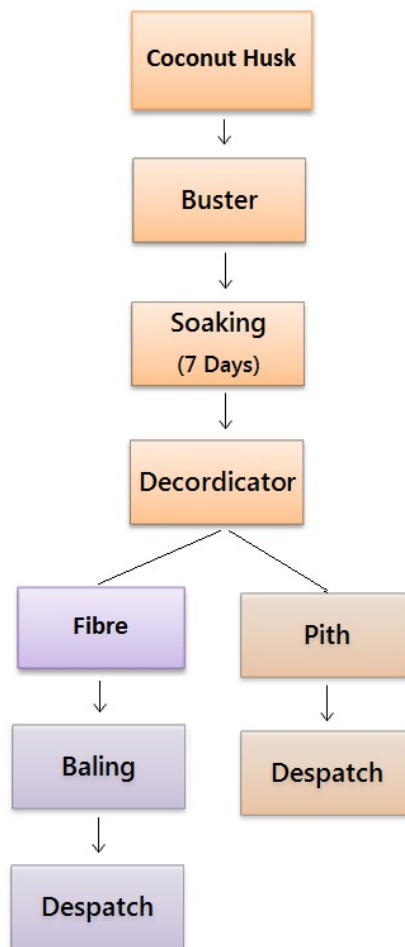
The Product flow from the raw material is depicted in the chart below:



#### 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 chart for Coir Fibre extraction is given below:



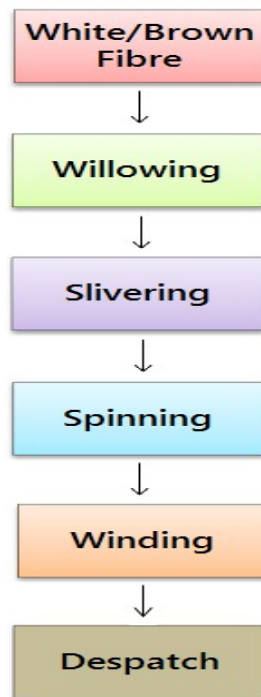
### **Two Ply Coir Yarn:**

2 & 3 Ply Coir yarn spinning is similar to cotton yarn spinning. The processes involved given here under:

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

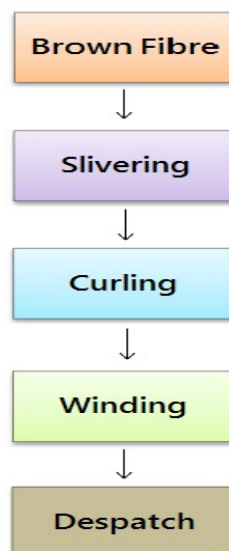
Coir fibre obtained from fibre extraction units and is wetted by spraying water. After 2-3 hours, the wetted fibre is passed through the willowing machine to remove the impurities and the place the fibre and parallel to each other. The fibre is then fed in to slivering machine wherein it is converted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

The process flow chart for Two Ply Coir Yarn spinning is given below:



### **Curled Coir Rope:**

The clean fibre is fed to the hackling machine in which the fibre is loosened, opened out and teased to facilitate easy curling. Then the hackled fibre is fed to the curling machine in which the fibre is straightened passing through the rollers and curled in the spinning head. The curled rope is wound on bobbins and the bobbin head. The hopper feeder is provided for feeding uniform weight from the quantity of fibre to the curling machine. The ropes of different diameters can be produced on the curling machine.



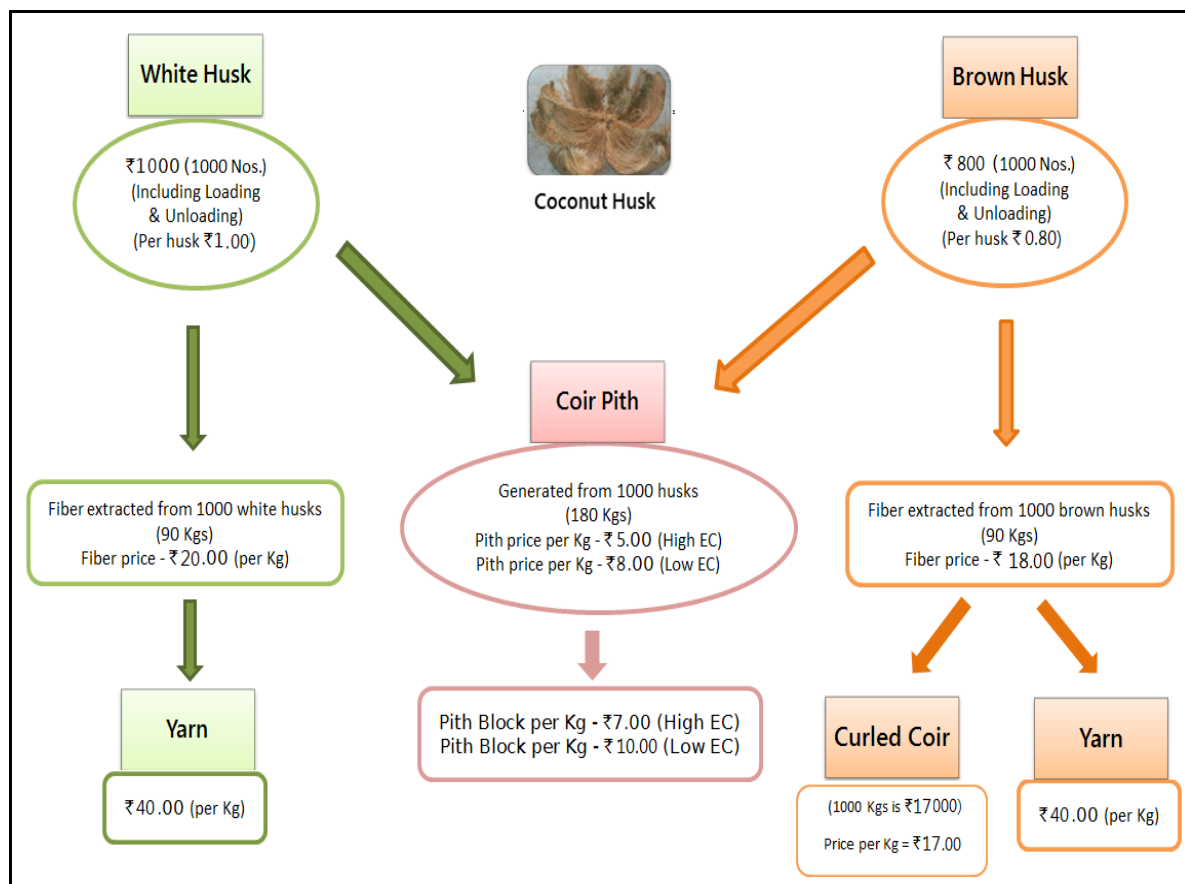


## Hand Ratt Coir Rope

Some of the yarn producers are of the household organisation type. Many of them have only one ratt. Each such household unit employs three workers, including the family members. During times of rise in demand, the 'one-ran' producers lease an additional ran and increase production to the extent allowed by their scale of working capital and the land space available.

### 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:

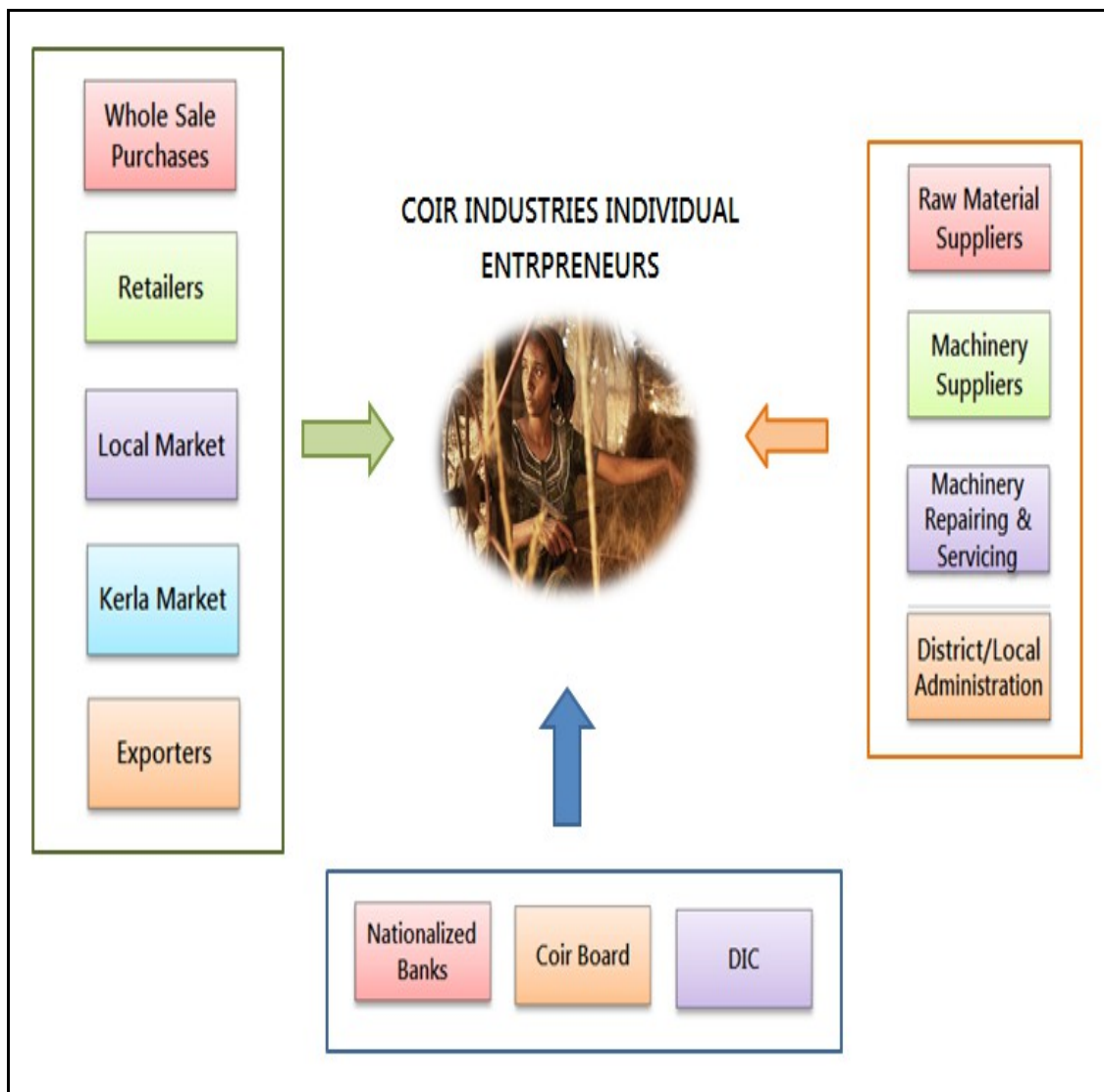


It is observed that the value addition in the cluster is limited to intermediate product level and the need and scope for value addition for coir sector in the cluster is considered significant. The cost of Green husk including loading and unloading is valued at Rs.0.80, which is incremented to Rs.16.00 per Kg. of fibre, which is further incremented to Rs.32.00 per Kg. of 2 ply yarn, Rs.40.00 per Kg. of 3 ply yarn &

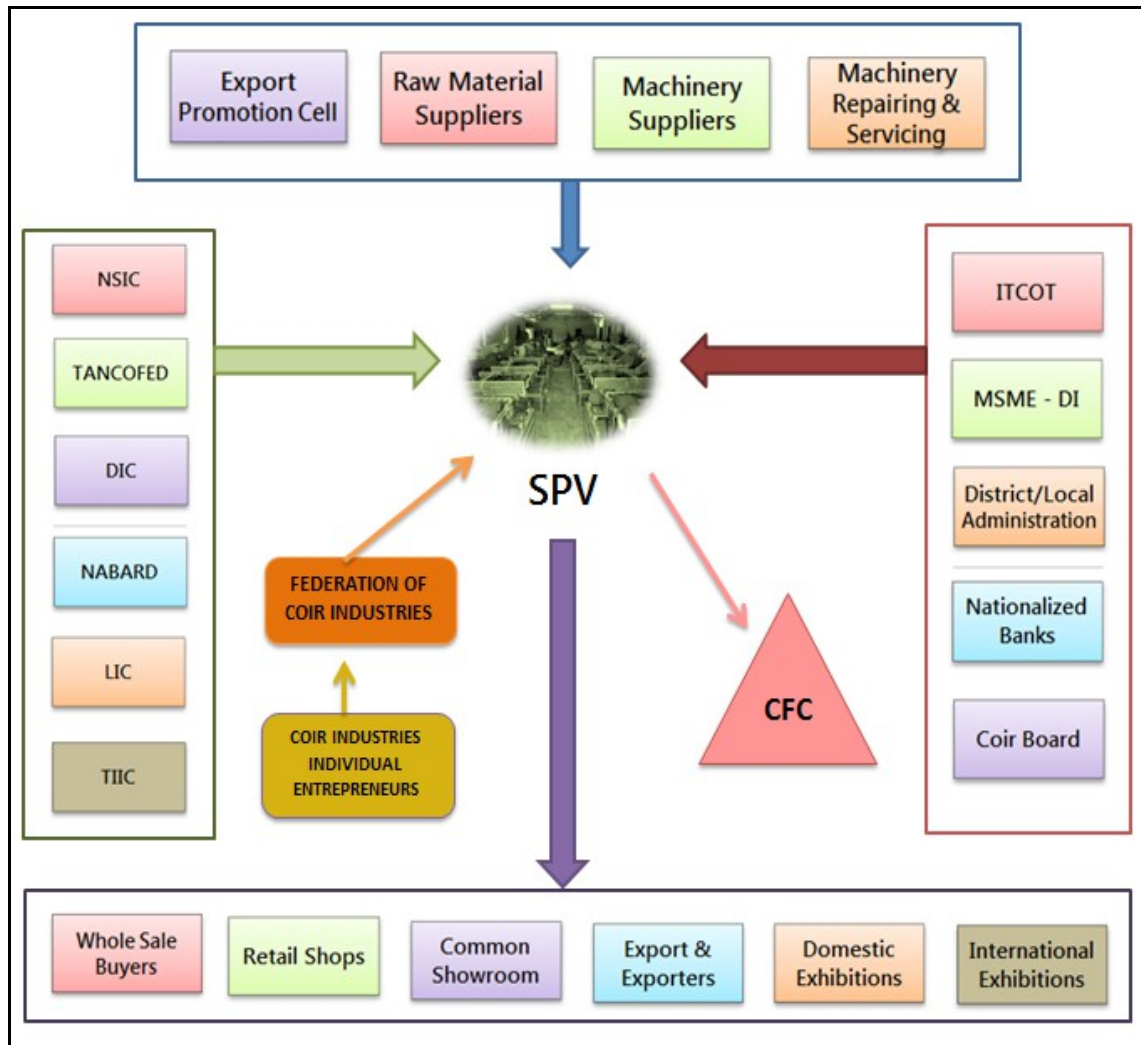
Rs.60.00 per 800 gm. weighed coir floor mat subsequently. Similarly the cost of Brown husk including loading and unloading is valued at Rs.0.70, which is incremented to Rs.14.00 per Kg. of fibre, which is further incremented to Rs.32.00 per Kg. of Curled coir and Rs.27.00 per Kg. of yarn.

## 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.

### **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 Dharmapuri 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**

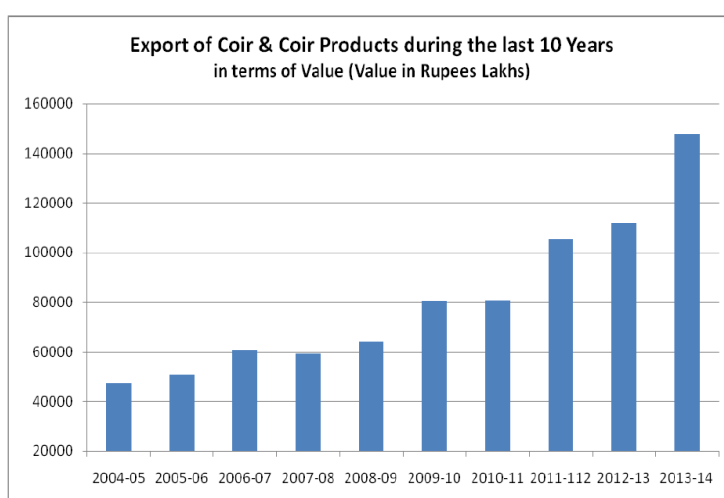
There is a good network of commercial Cooperative banks in the cluster. They offer both cash credit and term loan facilities to the coir industry. However, institutional finance for coir industry is limited and there is a large gap between the need for the credit and its availability.

### 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  |
| <b>Total</b> |                  | <b>2070.70</b> | <b>23351.20</b>              | <b>1120827</b>                                   |

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 (in MTs) | Value (Rs.Lakhs) | Quantity (%) | Value (%) |
|-------|---------|-------------------|------------------|--------------|-----------|
|-------|---------|-------------------|------------------|--------------|-----------|

|   |             |           |          |       |       |
|---|-------------|-----------|----------|-------|-------|
| 1 | China       | 192110.62 | 36050.66 | 35.77 | 24.42 |
| 2 | USA         | 55091.03  | 30026.05 | 10.26 | 20.34 |
| 3 | Netherlands | 53786.54  | 10870.04 | 10.02 | 7.36  |
| 4 | UK          | 11987.01  | 8600.98  | 2.23  | 5.83  |
| 5 | South Korea | 67042.97  | 7020.54  | 12.48 | 4.76  |

As far as the cluster is concerned the product line is Coir Fibre, Curled coir, 2ply coir yarn & Coir Rope. The Coir Fibre produced in the cluster is utilized for production of 2ply coir yarn, Hand Rope and Curled coir. Coir Fibre is also purchased from outside the cluster area during demand seasons. The pith generated during fibre extraction is not at all utilized in the cluster.

The Coir yarn produced in the cluster is directly marketed to Salem yarn market, Chittur and Bangalore areas. Curled coir is marketed directly as well as through dealers to Hosur, Bangalore, Andrapradesh, Madhyapradesh & Orissa. It is observed that the market potential for value added products are not at all tapped by the cluster with its current products and hence value added products having good market potential needs to be identified to tap the existing market potential.

## **4 SWOT AND NEED GAP ANALYSIS**

### **STRENGTHS:**

- Existence of Fibre Extraction units, Curled Coir units and two ply yarn units in the cluster provides immense scope for value addition.
- 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, water etc.
- Excellent network of commercial and co-operative banks in the cluster.
- Limited competition from big players as the trade is labour intensive
- Availability of required labour force.
- Presence of Support institutions such as Coir Board, District Industries Centre, Commercial banks, ITCOT etc.

### **WEAKNESSES:**

- No value addition of Coir pith within the cluster
- 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.
- 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.
- 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:

- Coir Pith generated from Fibre extraction units remain unutilized.
- Absence of collective/collaborative efforts to undertake common initiatives and to address common problems, as no registered association exists in the cluster.
- The present production in the cluster is restricted mainly to intermediate products such as Coir fibre, Coir yarn and Curled coir only. Lack of awareness on the benefits of graduating to production of value added finished products.
- In spite of immense scope, no initiatives undertaken for value addition of Coir pith generated during fibre extraction.
- Unacquainted with Business Development Service (BDS) providers, who would facilitate competitiveness thro' inputs on technology upgradation, value addition and market promotion.
- Limited access to institutional finance.

## 5 PROFILE OF THE IMPLEMENTING AGENCY

### B. Profile of the Implementing Agency ( IA )

|     |  |  |
|-----|--|--|
| 1   | Institutional Structure / Registration Details | <b>MAHAKAVI BHARATHIYAR SCIENCE AND EDUCATIONAL TRUST (MABASET)</b>  |
| B.1 | Legal Status                                   | Registered as Trust  |
| B.2 | Date of Incorporation / Registration           | February 1999/ RegNo:142/99 ERD  |
| B.3 | Registered Address                             | 45, Puthu villeyam palayam,<br>Kandikattuvalasu,(po),<br>Avalpoondurai, Erode – 638115.<br>Tamilnadu.  |
| B.4 | Office Address / Location                      | <b>Head Office (Erode)</b><br>MABASET,<br>45, Puthu villeyam palayam,<br>Kandikattuvalasu,(po),<br>Avalpoondurai, Erode – 638115.<br>Tamilnadu<br><br><b>Camp Office (Palacode, DHARMAPURI)</b><br>MABASET,<br>Near Eranaalli PACB,<br>Paparapatti Road,<br>Palacode,<br>DHARMAPURI- 636808. |

| II  | Governance structure  | # | Name of the Member           | Designation | Back Ground / Profile        | Contact Number |
|-----|---|---|------------------------------|-------------|------------------------------|----------------|
| B.5 | Composition of the Trustees and Back ground of the Memebers | 1 | R.Sevvilamparithi, BSc., LLB | President   | Advocate/ Social worker      | 9486353338     |
|     |   | 2 | R.Tharuganan, ME.            | Secretary   | Entrepreneurship development | 7598480869     |
|     |   | 3 | Supa.Chidambaram, BSc        | Treasurer   | Entrepreneur                 | 9443356349     |
|     |   | 4 | V.Devaraj, ICWA, MBA.        | Member      | Auditor                      | 9944143205     |
|     |   | 5 | K.S.Naaghanathan, BE.        | Member      | Retd. Bank Manager           | 7871607878     |

|     |   |   |
|-----|---|---|
| III | <b>Operational Profile</b>  |   |
| B.6 | Major Objectives – Vision, Mission, Goal of the Organisation  | <p><b>Vision :</b> To improve the productivity of the Nation</p> <p><b>Mission :</b> To impart entrepreneurial skills to the aspiring society and thereby facilitate economic development of the Nation</p> <p><b>Objective :</b></p> <ul style="list-style-type: none"> <li>• To create awareness on the Government policies and programme</li> <li>• To facilitate various Government scheme support reach out to the target beneficiaries.</li> <li>• To provide support services to the budding entrepreneurs</li> </ul>  |
| B.7 | What are the focus areas of Operations  | <ul style="list-style-type: none"> <li>• Hand holding services to new entrepreneurs for setting up Micro Small &amp; Medium Enterprises ( MSME )</li> <li>• Financial consultancy services for MSMEs</li> <li>• Event management for social development programs</li> <li>• Counselling services for new generation entrepreneurs</li> <li>• Employability skill training</li> <li>• Women &amp; child empowerment programs</li> </ul>  |
| B.8 | Provide Key Projects / Activities being undertaken by the IA – Brief Description including the project scope , size , duration ( mention specific experience in the area / sector of the proposed project | <ol style="list-style-type: none"> <li>1) MABASET has been empanelled by the <b>Ministry of MSME</b>, GoI as “<b>UDAYAMI MITRA</b>” under the Rajiv Gandhi Udyami Mitra Yojana (RGUMY) scheme of the Central government to <b>provide hand holding services to new generation entrepreneurs</b></li> <li>2) MABASET has been approved as Franchisee for establishing <b>Training cum Incubation Center (TIC)</b> in association with <b>NSIC Ltd, New Delhi</b> ( a PSE under the Ministry of MSME ) to extend Incubation service &amp; impart skill training in the areas of Welding, Electrical sector, Food processing &amp; Garments making vide NSIC letter dated 25.08.2011</li> <li>3) MABASET has extended support services (event management ) to more than 40 Entrepreneurship Development Programs (EDP) conducted by the Ministry of MSME,GoI through their MSME-DI of</li> </ol> |

|      |   |  |
|------|---|--|
|      |   | Chennai & Coimbatore Branch at Erode Dist<br><br>4) MABASET has also provided resource persons to various Entrepreneurship Development Programs & Entrepreneurship Awareness Campaigns conducted by MSMEDI, ITCOT, DIC, Banks, TNWDC, Educational Institutions, etc – mostly for the rural population at rural places<br>5) Specific Skill Development Training Programs (SDTP) were organized by MABASET with the corpus fund of the Trust and nearly 15 SDTPs comprising of 300 trainees were conducted during the past 3 years in the areas like Food Processing, Paper products, Readymade Garments<br>6) MABASET has been maintaining / updating a database of local industries & business units collected from Industry associations and provides linkage for marketing and raw materials sourcing |
| B.9  | Mention Key Clients / Donors associated with for Project implementation along with details on the nature of association | MSME-DI, Coimbatore Branch<br><br>NSIC, Coimbatore Branch<br><br>DIC – Coimbatore, Tiruppur, Erode & Ooty  |
| B.10 | Mention Key Partnerships / alliances ( If any )   | ---  |

|           |   |             |   |
|-----------|---|-------------|---|
| <b>IV</b> | <b>MANAGEMENT PROFILE</b>   |             |   |
| B.11      | Background of Key Personal ( Professionals and others ) with brief profile of the Senior Management Personnel |             |   |
| No        | Name  | Designation | Responsibilities  |
| 1         | R.THARUGANAN.   | Secretary   | To promote entrepreneurship development activities and employability skill development activities                       |
| 2         | K.S.NAAGHANATHAN  | Member      | To provide advisory services on Banking, Investment and Viability with special reference to Micro and Small Enterprises |

|           |                             |                     |
|-----------|-----------------------------|---------------------|
| <b>VI</b> | <b>BANK ACCOUNT DETAILS</b> |                     |
| B.12      | NAME OF THE BANK            | BANK OF MAHARASHTRA |
| B.13      | BRANCH NAME                 | ERODE-              |
| B.14      | BANK ACCOUNT NUMBER         | 20167213839         |

|            |                               |  |
|------------|-------------------------------|--|
| <b>VII</b> | <b>CONTACT DETAILS</b>        |  |
| B.15       | Name Of The Contact Person    | R. THARUGANAN  |
| B.16       | Designation Of Contact Person | Secretary  |
| B.17       | Correspondence Address        | 45, Puthu villeyam palayam,<br>Kandikattuvalasu,(po),<br>Avalpoondurai, Erode – 638115.<br>Tamilnadu |
| B.18       | Contact Number                | 7598480869   |
| B.19       | E-mail Address                | tharuganan@gmail.com   |

## **6 PROJECT CONCEPT AND STRATEGY FRAMEWORK**

### **6.1 Project Rationale**

The project rationale is to rejuvenate the existing product mix in the cluster and to enhance the competitiveness through capacity building of the entrepreneurs. Bridging the technological gaps, thereby reducing the cost of production, effective utilization of existing raw material resource, improving the quality of the products and establishing strong market linkages elevates the cluster to a higher level in terms of value addition, turnover, employment and income level.

### **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 (Curled coir) in the cluster by strengthening the linkages with raw material suppliers.
- 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 facility is proposed as intervention for the development of the cluster:

- 5 Kg. Pith blocks – to utilize Coir pith available within the cluster effectively and value addition to high value marketable product.
- Grow bags– to utilize Coir pith available within the cluster effectively and value addition to high value marketable product
- 650 gm Pith briquette – to utilize Coir pith available within the cluster effectively and value addition to high value marketable product

## **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,

### **Capacity Building:**

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

### **Market Promotional Activities**

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

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



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

The hard interventions proposed to enhance the product of the cluster and to achieve increased cluster turnover through production of value added product is:

- Rubberized Curled Coir Mattresses manufacturing facility.

### **THEMATIC INTERVENTIONS:**

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

## 8 SOFT INTERVENTIONS

### CAPACITY BUILDING

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

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

| S. No | Particulars                       |  |
|-------|-----------------------------------|--|
| 1     | Proposed Programme / Intervention | Skill upgradation Programme                                    |
| 2     | Target group                      | Coir beneficiaries of CUY beneficiary spinners & ratt spinners |
| 3     | No. of Batches                    | 4  |
| 4     | Batch size                        | 25 nos   |
| 5     | Training content                  | Skill Training on machine spinning of yarn                     |
| 6     | Trainer / Training Institution    | Coir Board   |
| 7     | Cost of Training programme        | Rs. 2,50,000/-   |
| 8     | Implementation timeline           | Year I<br>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<br>Quarter I  |

## MARKET PROMOTION

| S. No | Particulars                       |   |
|-------|-----------------------------------|---|
| 1     | Proposed Programme / Intervention | Market study tours  |
| 2     | Target group                      | Coir Entrepreneurs  |
| 3     | No. of Batches                    | As per requirement  |
| 4     | Programme content                 | To understand market dynamics,<br>To interact with market intermediaries to understand the market potential in potential market centers |
| 5     | Coordinating Institution          | IA & TA   |
| 6     | Cost of programme                 | Rs. 3,00,000/-  |
| 7     | Implementation timeline           | Year II<br>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<br>New design development<br>(Rubberized Curled Coir Mattresses) |
| 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 following land has been identified for lease for creating the Common Facility Centre. An affidavit for CFC land arrangement has been provided by the SPV. The details of the Land is as follows:

| Land  | Area of Extent | Proposed CFC activity                                 |
|---|----------------|---|
| S.F.No.369-1E & 369-1F,<br>Guddor Village, Thindal Post,<br>Karimangalam Via, Palacode Tk,<br>Dharmapuri Dist-635 111 | 1.35 Acres     | 5 kgs. Pith block, Grow bags, 650 gms. Pith briquette |

#### Location:

The land proposed for CFC is in Guddor village which is 5 kms. From Karimangalam town and located in between Karimangalam and Pannandur. The labour force will be sourced from the nearby villages Karimangalam Thindal, & Guddor, . The above proposed site is situated nearby a lake which gives surplus water source for pith washing. The electricity power is available near the proposed land.

#### Cost & Area of Building works:

| CFC activities         | Built up Area (in Sq.ft) | Cost per Sq.ft. (in Rs.) | Cost of Building (Rs. in Lakhs) |
|------------------------|--------------------------|--------------------------|---------------------------------|
| 5 Kg. Pith Block       | 1500                     | 800                      | 12.00                           |
| Grow bags              | 2000                     | 800                      | 16.00                           |
| 650 gm. Pith briquette | 1500                     | 800                      | 12.00                           |
| Drying yard            | 2000                     | 250                      | 5.00                            |
| <b>Total</b>           |                          |                          | <b>Rs.45.00 Lakhs</b>           |

The following common facility is proposed for the Dharmapuri Coir Cluster to enhance the product mix and market reach.

#### **I) 5 kg. Pith Block making facility:**

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

The pith block making process involves receiving of pith, washing, drying, sieving and compacting as 5kg. block on user charge basis. This facility is proposed in view of increasing the profitability of the cluster.

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

Effective utilization of available raw material resource ( coir pith ) in Dharmapuri, Salem and Krishnagiri districts. This facility is proposed in view of increased export earnings for the cluster.

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

| <b>S.No.</b> | <b>Machinery Description</b>                                    | <b>Quantity</b> | <b>Total Price<br/>(Rs. in Lakhs)</b> |
|--------------|---|-----------------|---------------------------------------|
| 1.           | 5 Kg. block making machine                                      | 1               | 14.00                                 |
| 2.           | Assessories<br>(Screener, Conveyor, Trolley etc.,)              | -               | 03.50                                 |
| 3.           | Tools & Handling Equipments<br>(Weighing scale, Platform scale) | -               | 00.50                                 |
| <b>TOTAL</b> |   |                 | <b>18.00</b>                          |

### **4. Raw material availability:**

The raw material required per ton of output is 1.200 Tonnes. The cost of raw material per ton is Rs.6500/-. The raw material will be sourced from the cluster itself.

### **5. Operation and maintenance model:**

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

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

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

## **II. 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                | 1               | 22.00                                 |
| 2.           | Shaker(10feet)                  | 1               | 2.00                                  |
| 3.           | Cutting Machine and accessories | 1               | 2.00                                  |
|              | <b>Total</b>                    |                 | <b>26.00</b>                          |

### **4. 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.

**5. 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.

**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.

**8. Implementation Timeline:**

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

**III. 650 gm. Pith Briquette making facility:**

**1. Project Description:**

This process is similar to the above mentioned 5kg pith block making but for the size of the pith block, which is 650 gm. in this process. This facility would result in increased export earnings of the cluster and increased marketability of the product.

**2. Project Justification:**

Effective utilization of available raw material resource ( coir pith ) in Dharmapuri and Krishnagiri districts. This facility is proposed in view of increased export earnings for the cluster.

**3. Proposed Machineries & Cost:**

| S.No.        | Machinery Description        | Quantity | Total Price<br>(Rs. in Lakhs) |
|--------------|------------------------------|----------|-------------------------------|
| 1.           | 650 gm. block making machine | 1        | 13.50                         |
| 2.           | Shrink wrapping machine      | 2        | 03.50                         |
| <b>TOTAL</b> |                              |          | <b>17.00</b>                  |



#### **4. Raw material availability:**

The raw material required per ton of output is 1.200 Tonnes. The cost of raw material per ton is Rs.6500/-. The major raw material will be sourced from the cluster itself.

#### **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 & Quarter III (Total Project timeline is given in Chapter 13)

### **IV.Pith Handling Infrastructure(CFC internal & User units)**

As the project is completely pith oriented, the following vehicles are proposed for internal pith handling within the CFC and also for transport of pith from the member/user units.

| <b>S.No.</b> | <b>Machinery Description</b> | <b>Utility</b>                                     | <b>Quantity</b> | <b>Total Price (Rs.)</b> |
|--------------|------------------------------|--|-----------------|--------------------------|
| 1            | Tractor                      | To transport Coir Pith from user units             | 1               | 8,00,000                 |
| 2            | Trailer                      |  | 1               | 1,50,000                 |
| 3            | Mini tractor                 | For ploughing dried pith in CFC yard               | 1               | 3,25,000                 |
| 4            | Hackler                      | For hackling the dried pith for further processing | 1               | 25000                    |
| <b>Total</b> |                              |  |                 | <b>1300000</b>           |

## 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<br>(Rs.Lakhs) | GOI Share<br>(in lakhs) | SPV Share<br>(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                | 1.00                       | 1.00                    | -                       |
| 1.1.2      | Awareness Programme                                      | 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                   |                         |
| <b>1.2</b> | <b>Market Promotion</b>                                  |                            |                         |                         |
| 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                   | -                       |
|            | <b>Total Soft Interventions Cost</b>                     | <b>25.00</b>               | <b>25.00</b>            | <b>-</b>                |
|            |  |                            |                         | <b>CONTD...</b>         |

|            |   |               |               |              |
|------------|---|---------------|---------------|--------------|
| <b>2</b>   | <b>HARD INTERVENTIONS</b>                                       |               |               |              |
| <b>2.1</b> | <b>Building for CFC</b>   | <b>45.00</b>  | <b>33.75</b>  | <b>11.25</b> |
| <b>2.2</b> | <b>Machinery &amp; Other infra for Common Facility Proposed</b> |               |               |              |
| 2.2.1      | 5 Kg. Pith block making machineries                             | 18.00         | 13.50         | 4.50         |
| 2.2.2      | Grow bags making machineries                                    | 26.00         | 19.50         | 6.50         |
| 2.2.3      | 650 gm. Pith briquette making machineries                       | 17.00         | 12.75         | 4.25         |
| 2.2.4      | Electricals and accessories                                     | 6.00          | 4.50          | 1.50         |
| 2.2.5      | Pith handling infrastructure                                    | 13.00         | 9.75          | 3.25         |
|            | <b>Total Machinery &amp; Other Infra Cost</b>                   | <b>80.00</b>  | <b>60.00</b>  | <b>20.00</b> |
|            | <b>TOTAL HARD INTERVENTIONS COST</b>                            | <b>125.00</b> | <b>93.75</b>  | <b>31.25</b> |
|            |   |               |               |              |
|            | <b>TOTAL INTERVENTIONS COST (SOFT &amp; HARD)</b>               | <b>150.00</b> | <b>118.75</b> | <b>31.25</b> |
| <b>3</b>   | <b>Other Project Components</b>                                 |               |               |              |
| 3.1        | Contingencies   | 1.88          | -             | 1.88         |
| 3.2        | Deposit   | 1.57          | -             | 1.57         |
| 3.3        | Preliminary & Preoperative Expenses                             | 0.56          | -             | 0.56         |
| 3.4        | Working Capital   | 20.00         | -             | 20.00        |
|            | <b>Total Other Project Components</b>                           | <b>24.00</b>  | <b>-</b>      | <b>24.00</b> |
|            |   |               |               |              |
| <b>3</b>   | <b>Cost of TA (8% of Interventions)</b>                         | <b>9.50</b>   | <b>9.50</b>   | <b>-</b>     |
|            |   |               |               |              |
| <b>4</b>   | <b>Cost of IA/SPV including CDE cost</b>                        | <b>20.00</b>  | <b>20.00</b>  | <b>-</b>     |
|            |   |               |               |              |
|            | <b>TOTAL PROJECT COST</b>                                       | <b>203.50</b> | <b>148.25</b> | <b>55.25</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. 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:

| <b>Scheme</b> | <b>No. of beneficiaries/ Activity</b> | <b>Cost of project</b>                       | <b>Scheme Funding</b> | <b>Bank Loan</b> | <b>Promoter Contribution</b> |
|---------------|---------------------------------------|--|-----------------------|------------------|------------------------------|
| 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                |
|               | <b>TOTAL</b>                          | <b>Rs.125.00 Lakhs</b>                       | Rs.43.75 Lakhs        | Rs.75.00 Lakhs   | Rs.6.25 Lakhs                |

The additional investment estimated in the cluster is Rs.125.00 Lakhs with the scheme funding of Rs.43.75 lakhs, bank credit of Rs.75.00 lakhs and the promoter's contribution of Rs.6.25 lakhs.

## 12 ENHANCED PROJECT COST AND MEANS OF FINANCE

The Project cost and Means of Finance of CORE SFURTI project is illustrated in **Chapter 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 PMEGP, 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   | <b>203.50</b> | <b>148.25</b>   | <b>55.25</b>                        |
| 02.        | Convergence initiatives (Establishment of individual units under various schemes) | 125.00        | 43.75           | 81.25                               |
|            | <b>TOTAL</b>  | <b>328.50</b> | <b>192.00</b>   | <b>136.50</b>                       |

The enhanced project cost including the Core SFURTI and other convergence initiatives works out to Rs.328.50 lakhs, whereas the corresponding Grant component is Rs.192.00 lakhs and that of Contribution and bank loan is Rs.136.50 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 |
| <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                                      | I      | Q1,Q2   |
| 1.1.3      | Entrepreneurship Development Programme                   | I      | Q3      |
| 1.1.4      | Skill Upgradation Programme                              | I      | Q3,Q4   |
| 1.1.5      | Exposure Tour  | II     | Q1      |
|            | Total Capacity Building cost                             |        |         |
|            |  |        |         |
| <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     | 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   |
|            | Total Market Promotion cost                              |        |         |
|            |  |        |         |
| <b>2</b>   | <b>HARD INTERVENTIONS</b>                                |        |         |
| <b>2.1</b> | <b>Land Lease (1.35 acres )</b>                          | I      | Q1      |
| <b>2.2</b> | <b>Building for CFC</b>                                  | I      | Q2, Q3  |
| <b>2.3</b> | <b>Machinery for Common Facility Proposed</b>            |        |         |
| 2.3.1      | 5 Kg. Pith block   | I      | Q4      |
| 2.3.2      | Grow bags  | II     | Q1,Q2   |
| 2.3.3      | 650 gm. Pith briquette                                   | II     | Q2,Q3   |

| 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                | Yellow |       |            |            |         |              |              |      |             |             |    |    |
| Awareness Programme                                      | Green  | Green |            |            |         |              |              |      |             |             |    |    |
| Entrepreneurship Development Programme                   |        |       | Light Blue |            |         |              |              |      |             |             |    |    |
| Skill Upgradation Programme                              |        |       | Orange     | Orange     |         |              |              |      |             |             |    |    |
| Exposure Tour  |        |       |            |            | 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 |    |    |
| <b>HARD INTERVENTIONS</b>                                |        |       |            |            |         |              |              |      |             |             |    |    |
| Building for CFC   |        | Blue  | Dark Blue  |            |         |              |              |      |             |             |    |    |
| 5 Kg. Pith block   |        |       |            | Light Blue |         |              |              |      |             |             |    |    |
| Grow bags  |        |       |            |            | Orange  | Orange       |              |      |             |             |    |    |
| 650 gm. Pith briquette                                   |        |       |            |            |         | Light Blue   | Light 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:

| <b>Installed Capacity</b>                              |              |   |
|--|--------------|---|
| <b>a. Growbag Production (Size: 110 x 18 x 16 cms)</b> |              |   |
| Installed Capacity per machine per shift               | 1250         | bags  |
| Number of machines                                     | 1            |   |
| Number of shifts per day                               | 1            |   |
| Number of days per annum                               | 300          |   |
| Installed Capacity per annum                           | 375000       | bags  |
| Coir Pith requirement per bag                          | 5.75         | Kgs. per bag  |
| Selling Price  | Rs. 60.00    | per bag   |
| <b>b. Coir Pith Block (5 Kgs.)</b>                     |              |   |
| Capacity per machine per shift                         | 6            | Tons  |
| Number of machines                                     | 1            |   |
| Number of shifts per day                               | 2            |   |
| Number of days per annum                               | 300          |   |
| Installed Capacity per annum                           | 3600         | Tons  |
| Charges on User fee basis                              | Rs. 1,500.00 | per Ton   |
| <b>c. Coir Pith Briquettes (650 gms.)</b>              |              |   |
| Capacity per machine per shift                         | 3000         | Kgs.  |
| Number of machines                                     | 2            |   |
| Number of shifts per day                               | 2            |   |
| Number of days per annum                               | 300          |   |
| Installed Capacity per annum                           | 3600         | Tons  |
| Charges on User fee basis                              | Rs. 2,000.00 | per Ton   |
| <b>Capacity Utilisation</b>                            |              |   |
| - First year   | 60%          |   |
| - Second year  | 70%          |   |
| -Third year  | 80%          |   |
| -Fourth year onwards                                   | 90%          |   |
| Power Cost   | Rs.6.50      | per KWH   |
| Repairs & Maintenance                                  | 2.00%        | Of plant and machinery cost in the I year & 20% increase every year |
| Lease Rental for Land                                  | Rs. 5,000    | per month in the I year and 10%                                     |



|                         |       |                                 |
|-------------------------|-------|---------------------------------|
|                         |       | increase every subsequent years |
| Administrative Expenses | 1.00% | Of sales realisation            |
| Selling Expenses        | 2.00% | Of sales realisation            |

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

## **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 MABASET, the Non Government Organization, having its registered office at Erode and project office at Palakkodu, Dharmapuri 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 Companies Act, 2013 and rule 8 of the Companies (Incorporation) Rules, 2014 in the name of "SHREE MANGALAM COIR MATTRESS PRIVATE LIMITED" as per the Certificate of Incorporation issued by Registrar of Companies, Coimbatore dated 19th August 2015. The CIN of the company is U36104TZ2015PTC021681

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

An SPV is formed 10 members and the list of members and office bearers are given below:

| <b>S.No.</b> | <b>Name</b>    | <b>Designation</b> | <b>Present Activity</b>        |
|--------------|----------------|--------------------|--------------------------------|
| 1            | P.Peraman      | Chairman           | Fibre Extraction & Curled Coir |
| 2            | N.Manoharan    | Managing Director  | Fibre Extraction & Curled Coir |
| 3            | S.Saravanan    | Director           | Fibre Extraction & Curled Coir |
| 4            | A.Vadivel      | Director           | Fibre Extraction & Curled Coir |
| 5            | D.Ramesh       | Member             | Fibre Extraction               |
| 6            | A.Ravi         | Member             | 2 Ply yarn spinning            |
| 7            | S.Karthik      | Member             | 2 Ply yarn spinning            |
| 8            | M.Tamil Selvan | Member             | Fibre Extraction               |
| 9            | S.Kavitha      | Member             | Fibre Extraction & Curled Coir |
| 10           | P.Jamuna       | Member             | Curled Coir                    |

## 16 EXPECTED IMPACT

| S.No. | Parameter                    | Pre-intervention | Post-intervention |
|-------|------------------------------|------------------|-------------------|
| 1     | Cluster Turnover (Rs. Lakhs) | 2385             | 2915              |
| 2     | Investment (Rs. Lakhs)       | 1150             | 1425              |
| 3     | Employment (Nos.)            | 750              | 1050              |
| 4     | Wages per day (Rs.)          | 300              | 380 - 400         |
| 5     | Export earnings (Rs. Lakhs)  | Nil              | 200 - 250         |
| 6     | Profitability (%)            | 8% to 10%        | 14% to 16%        |

- ▶ Strong linkage with large number of CUY beneficiaries engaged in coir spinning in the district.
- ▶ 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 artisans under social security schemes
- ▶ Improved access to financial capital for cluster members