

**REJUVENATION, MODERNIZATION
AND TECHNOLOGY UPGRADATION OF
THE COIR INDUSTRY
(2007-08 TO 2011-12)**

OPERATIONAL GUIDELINES



COIR BOARD
(Ministry of Micro, Small & Medium Enterprises)
Coir House, MG Road
Kochi 682 016

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REJUVENATION, MODERNIZATION AND TECHNOLOGY UPGRADATION OF THE COIR INDUSTRY - A CENTRAL SECTOR SCHEME

1. INTRODUCTION

Coir Industry is one of the oldest traditional industries. It generates 'value' literally out of 'waste' (coconut husk), besides providing eco- friendly products resulting in large scale employment comprising mostly women and contributing to around Rs. 600 crore worth of exports annually. Presently, the utilized capacity of coir husk is only around 40%. This is essentially because the basic producers of raw material and semi finished products do not have the wherewithal to convert a higher percentage of husk into fibre and yarn. The machinery (ratts and looms) have been in use for decades without replacement or modernization besides being exposed to rains. A Central Sector Scheme on Rejuvenation, Modernization & Technology Up gradation of the Coir Industry is, therefore, launched during 2007-08, on a pilot basis, to facilitate the sustainable development of the Spinning and Tiny/Household Weaving Units of the coir industry by providing proper work sheds and enabling replacement of traditional age old ratts with motorized ratts in the Spinning sector and replacement of traditional looms with the mechanized looms in the Tiny/Household sector in the first phase, during XI Plan. The scheme aims to develop the supply of basic raw material at the grass root level of the coir industry to ensure continuous supply of quality coir yarn through out the year. The Scheme will be implemented among the major coir producing States of the country. Table 1 depicts the State-wise estimated distribution of beneficiaries proposed to be covered under the Scheme.

Table 1: Beneficiaries proposed to be assisted (Units: In numbers)

Sl. No.	Sector	Total Units	NE States	A.P. & Karnataka	Orissa	Tamil Nadu	Kerala	Others*
1	Spinning	4000	300	352+327	222	616	2126	57
2	Tiny	3200	320	214+254	171	520	1678	43
	Total	7200	620	566+581	393	1136	3804	100

*Include the Konkan belt, Union Territories of Andaman & Nicobar Islands, Lakshadweep Islands and Pondicherry and States of Maharashtra, Gujarat, etc.

2. OBJECTIVES OF THE SCHEME:

2.1 The main objectives of the scheme are as under:

- (i) To modernize Coir industry by adoption of modern technology in production and processing of Coir in the spinning and weaving sectors;
- (ii) Upgradation of the production and processing technology for improving the productivity and quality;
- (iii) To increase the efficiency and productivity for enhancing the earnings of the workers and income of spinners/ tiny-household sectors;
- (iv) To improve the utilization of coconut husk for increasing the production of Coir and Coir products;
- (v) To generate employment in the rural areas of the Coir producing states;
- (vi) To provide more employment opportunities for women in the rural sector for gender empowerment;
- (vii) To contribute to inclusive growth of vulnerable sections of beneficiaries especially those belonging to Scheduled Castes (SC), Scheduled Tribes (ST) and North Eastern Region (NER); and
- (viii) To give sufficient training to the rural youth of the coconut producing States with an eye on attracting them to the fold of coir sector.

3. NODAL AGENCY

Coir Board, Coir House, MG Road, Kochi - 682016 is the nodal agency for implementation of the scheme. In order to achieve the objectives of the scheme, a **Special Cell** in the Coir Board will be constituted to superintend, control and implement the Scheme. The Special Cell will be headed by an officer of the Joint Director Rank, assisted by a Deputy Director and a Section Officer. It shall co-ordinate all the activities in respect

of the Scheme with the various Governmental agencies and offices of Coir Board. It will be responsible for scheduling Awareness programmes, convening of meetings, etc. It shall receive and submit monthly, quarterly, half-yearly, annual reports. The Special Cell will report directly to Secretary, Coir Board and through him to the Chairman, Coir Board.

The technical intervention, wherever necessary, will be provided by Central Coir Research Institute (CCRI), Kalavoor and Central Institute of Coir Technology (CICT) and other institutions engaged in development and promotion of the Coir Sector. The Scheme will be regularly monitored by the Ministry of Micro, Small and Medium Enterprises.

4. SCHEME INTERVENTIONS

4.1 The scheme is proposed to be launched as the first phase of a Central Sector Scheme for Rejuvenation, Modernization & Technology Upgradation of the Coir Industry through the following interventions:-

- Traditional spinning and weaving activities will be rejuvenated by providing proper work environment (work sheds) along with motorized ratts replacing the decades old obsolete implements and ratts in the spinning sector and mechanized looms replacing the obsolete implements and looms in the tiny/household weaving sector.
- Under the scheme, one existing obsolete ratt per unit would be replaced by four mechanized ratts. The intervention in the spinning sector is targeted to be women oriented. A tiny/household weaving unit is proposed to be standardized with three mechanized looms. The quality of ratts and looms to be provided under the scheme will be vetted by a committee to be specifically constituted by the Coir Board in which representatives of spinners/weavers will also be ensured. The component of machinery/ratts/looms will not be considered in isolation. However, in case, selected beneficiaries already have a work shed, only the component of required machinery will constitute the project.

5. CRITERIA FOR SELECTION OF BENEFICIARY

The selection of beneficiary will be done on merit, on first come first served basis. Indicative parameters for selection of beneficiary are given below:-

Spinning Sector:

- a. Self Help Groups (SHGs) consisting of a group of eight Spinners, including their Leader, engaged in the production and processing of Coir and new SHGs shall be eligible for assistance under the Scheme.
- b. The applicant SHGs shall produce project proposal in the prescribed format approved by the Coir Board and the Bank from where the applicant seeks to avail term loan for the scrutiny and approval of the Evaluation and Steering committee of the Coir Board.
- c. The applicant SHGs shall have minimum two cents of land of own / lease for a minimum period of 10 years and documents in proof shall be produced along with the application for assistance.
- d. The beneficiary shall pay the equated loan installments on monthly basis or at six months interval (optional to the beneficiary) along with accrued interest to the Bank which has disbursed term loan and this would be incorporated in the 'MoU' to be signed between Coir Board and the concerned Banks.

Tiny/ household units

- a. Self Help Groups (SHGs) consisting of six weavers, including their Leader, engaged in the production of traditional Coir products viz. Coir mats, Mattings, carpets, rope, rubber backed Coir products, Coir pith processing

units etc. registered with Coir Board will be eligible for assistance under the Scheme.

- b. The units shall have minimum of three cents of land of own / lease of minimum 10 years with minimum infrastructure and experience in the field of manufacture of Coir and Coir products to be eligible for assistance under the Scheme.
- c. The applicant SHGs shall produce all relevant details regarding the ownership of land, lease document, experience in the field of manufacture of Coir and Coir products with details of the project proposal certified by a Chartered Accountant / Chartered Engineer along with the prescribed format approved by Coir Board and sponsoring Banks for consideration by the Evaluation and Steering Committee of the Coir Board.
- d. The beneficiary shall pay the equated loan installments on monthly basis or at six months interval (optional to the beneficiary) along with accrued interest to the Bank which has disbursed term loan and this would be incorporated in the 'MoU' to be signed between Coir Board and the concerned Banks.
- e. The processed applications, if adhering to the norms laid down in the Scheme, will be forwarded to the participating Banks for providing term loan for implementation of the respective projects.

6. NORMS OF GRANT/SUBSIDY/ASSISTANCE

6.1 SPINNING UNIT

The financial assistance or government grant/subsidy would be 40% of the project cost subject to a maximum of Rs. 80,000 (Rupees eighty thousand only) per unit. The project cost of Rs. 2 lakh would include 5% beneficiary contribution and 55% term loan, subject to a maximum of Rs. 1,10,000/-, from the designated Bank. Table 2 depicts the details of standard cost of a spinning unit.

TABLE 2: STANDARD COST OF A SPINNING UNIT

Sl. No.	Item	Cost (Rs.)
1	Machinery	1,05,000
2	Tools & Accessories	20,000
3	Work shed	75,000
	Total	2,00,000

6.2 TINY/HOUSEHOLD UNIT

The financial assistance or government grant/subsidy would be 40% of the project cost subject to a maximum of Rs. 2,00,000 (Rupees two lakh only) per unit. The project cost of Rs. 5 lakh would include 5% beneficiary contribution (Rs. 25,000/-) and 55% term loan, subject to a maximum of Rs. 2,75,000/-, from the designated Bank. Table 3 depicts the details of standard cost of a tiny/household weaving unit.

TABLE 3: STANDARD COST OF A TINY/HOUSEHOLD UNIT

Sl. No.	Item	Cost (Rs.)
1	Machinery	3,00,000
2	Tools & Accessories	40,000
3	Dyeing Equipments	20,000
4	Work shed	1,40,000
	Total	5,00,000

6.3 CONDITIONS FOR ELIGIBILITY FOR GOVERNMENT GRANT/SUBSIDY

- a. The Government grant/subsidy under the Scheme will be inclusive of any other Central subsidy/grant that may be available under any other central subsidy scheme.

- b. The Government grant/subsidy as admissible under the Scheme will be disbursed to the SHG into their Bank account through the designated Bank.
- c. The SHG availing of the subsidy under the Scheme shall not mortgage the assets acquired through the grant obtained under the present Scheme except to the Bank from which he might have taken the loan for establishing the unit.
- d. No transfer of assets, partially or wholly, which are obtained pursuant to the grant/subsidy of approval under the Scheme can be transferred, mortgaged, or sold under any circumstances.
- e. The SHG seeking the financial assistance under the Scheme should make available to the Selection Committee of the Coir Board all relevant records relating to the construction of the work shed and purchase of machinery so as to enable it to determine the quantum of subsidy admissible.
- f. The SHG availing the Government grant/subsidy will execute a 'bond' with the Coir Board, Kochi, inter-alia, to the effect that:
 - The beneficiary will submit the documentary evidence of construction of the work shed and purchase of the machinery/equipment within six months of the sanction and release of the term loan by the designated bank.
 - The machinery/equipment will be maintained properly.
 - The machinery/equipment will be used for running Coir unit.
 - The machinery/equipment will not be shifted from the premises.
 - The machinery/equipment will not be disposed off without the prior approval of the Coir Board.
- g. The Coir Board will conduct 100% physical verification of the Units.
- h. The SHG/beneficiary shall make available the unit, at any time, for inspection by the officers of the Coir Board.
 - operate the unit for a minimum of 5 years

- abide by any/all the instructions issued by Coir Board, Central and State Governments in regard to the working of the unit, from time to time.
- i. In case of default, the grant would be recovered from the beneficiary failing which legal action will be taken against the defaulter.
- j. The leader of the Self Help Group (SHG) would be responsible for running, maintaining and attending to its financial issues.

7. MACHINERY MANUFACTURES

Manufacturers of motorized ratts and semi-automatic looms and other equipment and accessories will be invited by Coir Board through advertisement in Newspapers to submit their bids. The Evaluation and Steering Committee headed by Chairman, Coir Board including representatives of Spinners or tiny/household Weavers, as the case may be, shall open the bids. They will also be requested to demonstrate their machinery. A technical panel constituted by Coir Board would go into the specifications and give their considered opinion. Manufacturers selected by the Evaluation and Steering Committee including representatives of Spinners or tiny/household Weavers after considering the recommendations of the technical panel will be empanelled under the Scheme by the Coir Board.

8. LIST OF BENEFICIARIES

The list of beneficiaries will be maintained at the Sub Office, Regional Office and the Headquarters of the Coir Board and hosted on the Coir Board's website. As and when their turn comes, the applicant will be considered on merit. A data bank will be created in the Special Cell in Coir Board.

9. COMMITTEES CONSTITUTED TO OVERSEE THE SCHEME

9.1 SELECTION COMMITTEES FOR BENEFICIARIES

9.1.1 REGIONAL LEVEL SELECTION COMMITTEE

- | | | |
|-------|---|------------|
| (i) | Regional Officer, Coir Board | - Chairman |
| (ii) | Lead Bank Manager or State Level Bankers Committee (SLBC) nominee | - Member |
| (iii) | State Industries Department nominee | - Member |
| (iv) | Representative of Special Cell at HO of Coir Board | - Convenor |

9.1.2 SUB REGIONAL LEVEL SELECTION COMMITTEE

- | | | |
|-------|--|------------|
| (i) | Extension Service Officer, Coir Board | - Chairman |
| (ii) | Lead Bank Manager or SLBC nominee | - Member |
| (iii) | District Industries Centre representative | - Member |
| (iv) | DRDA Representative | - Member |
| (v) | Representative of Special Cell at HO of Coir Board | - Convenor |

A representative of the Rural Development Department of the respective State Government {In-charge of the implementation of the Swaranjayanti Gram Swarozgar Yojna (SGSY), being implemented by the Union Ministry of Rural Development, shall be co-opted by invitation in the above Selection Committees for screening and selection of the beneficiaries and also to ensure better convergence with SGSY}.

9.2 EVALUATION AND STEERING COMMITTEE

- | | | |
|-------|---|----------|
| (i) | Chairman, Coir Board: | Chairman |
| (ii) | Secretary, Coir Board | Member |
| (iii) | Bank Representatives (concerned Banks) | Members |
| (iv) | Representatives of concerned State Government | Members |
| (v) | Representatives of Spinning/weaving Sectors (2) | Members |
| (vi) | Joint Director (Plg), Coir Board | Convenor |

9.3 HIGH LEVEL APPEX COMMITTEE

- | | | |
|-------|--|----------|
| (i) | Secretary, MoMSME: | Chairman |
| (ii) | Additional Secretary & Financial Advisor, MSME | Member |
| (iii) | Chairman, Coir Board | Member |
| (iv) | Senior Advisor (VSE), Planning Commission | Member |

(v) Economic Advisor, MSME	Member
(vi) Joint Secretary, MSME	Member
(vii) Chairman, SLBC	Member
(viii) Principal Secretary/Secretary/Commissioner Dealing with coir sector of concerned State Governments	Members
(ix) Secretary, Coir Board	Convenor

10. Memorandum of Understanding (MoU) will be signed between the Coir Board and the concerned Bank specifying the terms/conditions and relevant explanation for disbursement, repayment of term loans to various beneficiaries selected by the Coir Board.

10.1 Once the beneficiary is selected by the Coir Board and is allotted a Bank, he shall deposit his quantum of investment (beneficiary contribution) necessary for the purpose with the concerned Bank. This should be done within 30 days of the receipt of the letter from Coir Board confirming his selection and allotment of a designated Bank. The eligible government grant for the approved project will be deposited by the Coir Board with that Bank after receiving the official confirmation from the Bank that a term loan would be sanctioned by it to a particular beneficiary and within ten calendar days of receipt of the grant/subsidy from the Coir Board, the Bank will release the full quantum of the term loan to the beneficiary.

10.2 The Government grant/subsidy so deposited, will be kept by the Bank in a separate Subsidy Reserve Fund Account. No interest will be applied on this by the Bank. In view of this, for the purpose of charging interest on the loan, the subsidy amount should be excluded. The balance lying to the credit of the Subsidy Reserve Fund Account will not form part of Demand and Time liabilities for the purpose of SLR/CRR. Suitable instructions issued in this regard by the RBI from time to time would be followed.

10.3 The grant / subsidy sanctioned to a beneficiary to whom term loan has been sanctioned by the Bank, shall be adjusted against the outstanding term

loan account of the beneficiary after a period of two years of the completion of the loan period.

10.4 The admissible grant / subsidy under the Scheme will be credited to the loan account of the beneficiary along with the amount of the term loan by the Bank. The Bank will, however, not charge any interest from the beneficiary on the amount of the grant/subsidy credited in his loan account. After two years of successful and satisfactory operation of the term loan account by the beneficiary, the grant lying in the Subsidy Reserve Fund Account to the extent of the amount of grant of a beneficiary payable, shall be drawn and adjusted against his term loan account.

10.5 The loan would be covered under Credit Guarantee Trust Fund Scheme under the O/o Development Commissioner, M/o MSME. The guarantee fee for the coverage will be borne by the beneficiary or the Bank. The term loan would be without collateral/third party guarantee.

11. BASE-LINE SURVEY

11.1 A concurrent baseline survey of the targeted beneficiaries' viz. Spinners and Tiny/Household weavers would be undertaken by the Coir Board simultaneously with the aid of a Specialist who is conversant with the economics of the Coir Industry for preparing a profile under the Scheme viz. income of the beneficiary prior to and after the implementation of the Scheme, increase in the number of work days, increase in production and productivity, number of beneficiaries (men/women - General/SC/ST/OBC/Minority, etc.). An awareness Programme will be organized throughout the Coconut producing states, jointly with the concerned State Governments.

11.2 The tangible achievements, namely, increase in production, productivity, generation of employment and credit flow through the implementation of the Scheme will be monitored and evaluated and monthly reports submitted by Coir Board to the Ministry.

12. SUBMISSION OF PROJECT REPORT BY THE APPLICANT

Coir Board has prepared standard project Reports covering each of the identified sector for which Scheme funds would be available. Each selected beneficiary needs to use the Project Report obtained and submit the Bank application based on the standards set by the Bank, along with a letter intimating his selection issued by the Coir Board.

13. EVALUATION AND OTHER STUDIES

Term end evaluation will be conducted at the end of the XI Plan. Mid term evaluation will also be carried out after 3 years of the implementation of the Scheme, by engaging independent agencies of repute. Coir Board would commission short term studies on various aspects of coir sector depending on the need and emerging requirements.

14. OVERALL TARGETS UNDER THE SCHEME

The Scheme stands approved up to the end of the XI Plan. The tentative targets under the Scheme during the XI Plan period are broadly are as follows:

Component	Projected outcome/result
Number of Spinning Units to be covered	4000 consisting of 8 spinners each
Number of Tiny/Household Units to be covered	3200 consisting of 6 weavers each
Wages of Spinners estimated to reach	Rs. 29,896 per annum
Income of weavers in Tiny/Household sector estimated to reach	Rs. 43,230 per annum
Productivity per ratt	10 Kg. per day
Productivity per loom	10 mats per day
Number of work days in spinning sector (to be gradually increased)	300 days per annum
Number of work days in Tiny/Household sector (to be	150 days per annum

gradually increased)	
New employment generation during XI Plan (estimated)	36,800

15. LIST OF DOCUMENTS TO BE SUBMITTED BY THE APPLICANT

Sl No.	Documents	Remarks
1.	A Copy of the title deed of the property on which the unit is proposed to be set up / already located	2 cents of Minimum land for each spinning unit and 3 cents of Minimum land for each tiny/household unit is compulsory
2.	Prescribed application form for Scheme assistance	At least 3 years work experience in the Coir industry-documentary proof to be submitted
3.	Proof of Coir Industry experience	Certificate
4.	Any training facility availed from Coir Board	Certificate
5.	Machineries proposed to be purchased along with Invoice	Quotation
6.	Acknowledgement issued by Coir Board	
7.	Industrial Establishment Certificate issued by DIC	Certificate
8.	Chartered Engineer's drawing with estimate for construction of shed	An Estimate duly certified by a chartered engineer
9.	Any other document to support the	For Reserved categories

	application like SC/ST/OBC certificate	
10.	Any other supporting document	To support the claim of applicants
11.	Project profile of the proposed project approved by Coir Board	Available with Coir Board

16. ADDRESS OF THE COIR BOARD OFFICES DEALING WITH THE SCHEME

1. REJUVENATION, MODERNIZATION AND TECHNOLOGICAL UPGARADTION CELL
Coir Board
Coir House, MG Road, Kochi 682 016
(Phone: 0484 2351807/ 0484-2373327).

OFFICES:

2. Extension Service Officer,
Office of the Coir Mark Scheme, Coir Board,
New Model Coir Mats and Matting Co-op Society Bld.,
Alleppey
Phone: 0477-2245325
3. Regional Officer, (**T Ravindran**)
Coir Board, Regional Office
Raja Nilayam, Mele Chowa
Kannur.
Phone: 0497-2729180)
4. Regional Officer, (**P C Antonel Vaz**)
Coir Board Regional Office, No 5 Alagappa Lay Out
Venketesa Colony
Pollachi -642 001 (Tamil Nadu)
Phone: 04259-222450
5. Regional Officer, (**K. G. Raghavan**)
Coir Board Regional Office, No 8 Annex Bldg
Cunningham Road
Bangalore -560 052
Phone: 080-22268538

6. Regional Officer, (**Premraj Koomkaran**)
Coir Board Regional Office,
Swaraj Nagar
A C Gardens
Rajamundry 533 101
Phone: 0883-2420196

7. Regional Officer, (**B B Jani**)
Coir Board Regional Office,
Jagamara (Udyog Puri), PO Khandagiri
Bhubaneshwar- 751 030
Phone: 0674-2350078

8. Officer-in-charge,
Sub Regional Office, Coir Board
Hemanta Basu Bhavan, 4th Floor
Kolkatta- 700 001.

9. The officer in charge
Coir Board Sub Regional office
Assam Small Industrial Development Complex
Bamuni Maidan
Gawhati -781 021
Phone: 0361-2556828.

10. Extension Service Officer,
Coir Research and Extension Centre,
Door No.40, Kisha Mutharamman Koil,
Near R.T.Office, Tenkasi-627 811,
Thirunelveli Dist. Tamil Nadu.

11. Regional Coir Development Officer,
Coir Board, RCT&DC,
Pillayar patti-613 043,
Via. Vallam, Thanjavoor.
Tamil Nadu.

Annexure

COIR BOARD

(Ministry of Micro, Small & Medium Enterprise)



**FORM OF APPLICATION FOR CLAIMING ASSISTANCE UNDER
REJUVENATION, MODERNIZATION & TECHNOLOGY UPGRADATION OF
THE COIR INDUSTRY**

Sl. No.	Heading	Details
1.	a	Name & Address of the Self Help Group
	b	Name and Address of the Head/ Leader of the Self Help Group
	c	Name and Address of the other Members of the Self Help Group
	d	Year of Establishment
	e	Coir Board Regn. No & date (If not registered, must do so prior to applying for subsidy)
	f	Whether registered with District Industries Centre (optional)? If Yes, No. and date
2.	a	What is the present status of the Unit, with its capacity, labour strength, turnover, need to be indicated

	b	Give complete details of existing machinery/ Equipment and capacity of each machine/equipment	
	c	Age of the machineries	
3.	a	The number of days the unit worked during the last one year	
	b	Actual production of fibre/yarn/ mats/ other during the last one year (Specify nos and qty in tones):	
	c	If unit, not working, reasons thereof	
4.	a	The area of land in which the unit is situate	
	b	Whether own, lease (if so, period of lease), tenanted (furnish agreement)	
	c	Present type of construction of bldg/constructed Area	
4.		Full details of functional facilities available in the Unit (tool room, storage facility, water, well, pump set, Electricity etc	
5.	a	Details of equipment, machineries, proposed to be installed (additional/replacement)	
	b	Accessories needed	
	c	Whether new shed required to be built? If so, Approximate cost	
6.		Finance required for the unit under the present Scheme: (i) Machinery/ies: (ii) Accessories/Tools (iii) Dyeing equipments: (iv) Work shed	
7.	a	How much investment from the beneficiary possible?	
	b	How the additional funds are proposed to be raised?	

8.	Does the bank prefer any bank(if so, give bank and branch Location)	
9.	Any other useful information	

Place:
Date:

Signature of the Applicant
Name of the Applicant
(SEAL)

Note: Machinery, work shed to be put up should confirm to the standards set by Coir Board;

If any unit requires only part of the outlay prescribed under the Scheme, it can submit an application suggesting the amount of outlay envisaged. As far as possible, beneficiary's preference would be heeded for routing the loan through the bank designated by him; however, it cannot be guaranteed.

Applications in duplicate must be submitted.

OFFICE USE

Regn No:
Date on which received:
Slab year for which loan has been sought
Documents enclosed:
Status of the Application
Remarks: (use extra paper if needed):
Bank allotted:

Signature of the sanctioning authority
SEAL

Date: