



T.O. Sooraj IAS
Director
Industries & Commerce



A word from the Director

An emerging new economic order coupled with unbounded trade limits, imbalances in the technological advancement among the nations and aggressive market strategy all contribute to the serious challenges experienced by Small and Medium Entrepreneurs (SME's) and particularly Small-Scale Industries. Any planning and policy formulation or strategies cannot ignore these aspects. When the question of supporting SME's or adopting strategies to sustain SME's it is imperative to think about new initiatives which has shown its worth in the Industrial sectors elsewhere.

On this background the initiative developed under cluster development attracts much importance. This approach targets for cost-effective production strategy, saving in raw material procurement by following mass purchase policies, technology innovation, product diversification, exploration of new markets, establishment of Common Facility Centres etc. are no doubt are approved as policies compatible to improve efficiency, productivity and profitability. The Department of Industries and K-BIP are actively pursuing policies to promote Cluster Development but to make this attempt successful, the positive response of the entrepreneurs and small-scale units are also essential. I take this opportunity to appeal all such entrepreneurs to come forward to avail this great opportunity.

New 'charioteer' for CDP

Shri. T.O. Sooraj IAS has taken charge as Director (Industries & Commerce) and Executive Director, Kerala Bureau of Industrial Promotion from Shri. P.H. Kurian IAS since he has been posted as IT Secretary. Shri. Sooraj has shown very much interest in Cluster Development Programme (CDP) in the State and ascertained his cooperation to maintain the momentum of the CDP activities. He has already convened a meeting of all Cluster Development Agents (CDAs) in the State along with his predecessor at Ernakulam on 21.02.05. Now he is planning to monitor and evaluate the Cluster activities in the State. It is scheduled to be conducted in five centers such as Trivandrum, Kottayam, Ernakulam, Palakkad & Kozhikode. The CDAs and representatives of clusters from nearby Districts of the proposed centers will be participating and they will present a detailed Action plan of the respective clusters. On the basis of the action plans an active discussion will be held in this meeting.



P.H. Kurian IAS
Secretary
Investment Promotion & IT

Message



Dear Cluster Development Agents,

Since I have been relieved from the post of Director (Industries & Commerce) and entrusted with responsibilities of IT department, for the time being I am unable to be in touch with you regarding CDP. You have contributed lot of efforts to build trust among the cluster actors and established a firm foundation for the CDP activity in the state. As a result Kerala has been accepted into the 'cluster map' of India. If this momentum is maintained it will definitely prove beneficial for the cluster members/SMEs in future. I use this occasion to express my sincere gratitude to the officials who whole-heartedly contributed their mite to the CDP activities of the state.

Thanking you,

Sincerely,

PH Kurian

“Clustering of SMES – The only way”

- Idukki MP

“The only way to survive in this era of globalisation and liberalisation is through clustering manufacture activities”, said Shri. Francis George MP of Idukki at Pathanamthitta. He was inaugurating the “Pathanamthitta Agro Food Consortium Pvt. Ltd.” (PAFCO). To compete against the multinational giants we should improve quality, packaging and adopt new marketing technologies such as highly profiled brand. These can be done only by clustering of SMEs”, he added.

Mr. P.H. Kurian IAS presided over the meeting. He again stressed the need of clustering and pointed out to take advantage of “Travancore Ethnic taste”. The Chairman of PAFCO Shri. K. Mathew, presented the report and objectives of PAFCO and Pathanamthitta Food Cluster. Shri. Abraham Koshy (LDM), Shri. Shaji C. Kurup (AGM, NABARD), Shri. S. Santhosh (K-BIP), Shri. John Philip (KSSIA), Jerry Easow Oommen (MD, PAFCO), Shri. V. Vijayakumar (CDA) and Shri. Rajendran D. (CDA) addressed the function.



Shri. Francis George MP of Idukki inaugurating the consortium-PAFCO

Objectives of PAFCO

- Common upliftment of Food Processing Industries in Pathanamthitta and surrounding areas.
- PAFCO will provide technical training for quality improvement in food processing industries.
- PAFCO will conduct an investor’s meet for exploring the possibilities of investments in food processing industries.
- PAFCO will conduct a series of functional management

training programmes for Pathanamthitta Food Cluster Actors.

- The four directors from PAFCO will participate in the coming Dubai Food Fest and PAFCO will promote its actors for the participation in such international exhibitions in future.
- The quality of packed food products is found to be very poor and hence PAFCO will provide technical training for improving packaging and labeling.
- PAFCO will set up a raw material bank. This will provide quality assurance and standards to the products and again gives an opportunity to the SMEs to obtain the bargaining capacity.
- PAFCO will develop a common brand for the Pathanamthitta Food units in their style. The brand building process has already started. Nearly 300 types of products are coming under this brand. 40 products will be launched, within 2 months, in Kerala market.
- PAFCO has identified a series of products for exporting, which includes ‘ready to eat’ items. To enable units to produce their products, PAFCO will provide a cold storage facility in Pathanamthitta.
- PAFCO is proposing Common Facilities like Warehouse, packaging and CFC to the cluster actors.
- A sophisticated Quality Control lab will be set up by PAFCO within a short period.

Cane Cluster at Trivandrum

Travancore Cane and bamboo products (P) Ltd is going to establish a Raw Material Bank (RMB) with the support of the local body and State Bank of Travancore (SBT). They have identified the ideal suppliers in North Eastern States and has put up a proposal which has been approved in principle by the SBT. The local body has given the financial support to construct a building for RMB and common work shed. They also submitted a proposal in KVIC to develop their infrastructure. By setting up RMB they can earn around 30% of profit from the raw material itself. After establishing the RMB they can think about implementing trendy designs in cane products and thereby try their hand at export. The noteworthy point is that if this artisan cluster flourishes well around 200 families involved in this will benefit.

Induced Clusters in two Districts of the State

Thrissur

Shri Chandradutt the coordinator of Talikulam Vikas trust and his team have identified a group of people from the Talikulam village in Thrissur district for developing them as entrepreneurs in the sectors like Garments, Food, IT, Light Engineering, Crafts etc. and they put the vision a name as "Ente Gramam Ente Swapnam" (EGES) it means that "My village My dream"

They interacted with around 3000 people in this area and according to their interests they decided on the sectors to be chosen for development. Director of Industries and Commerce nominated five officials to make a study and prepare an action plan for it. Shri. Jayaprakash, Dy. Director, Malapuram DIC has been nominated for Garment sector, Shri. Sudhir Krishnadas, Dy. Director, Wayanad DIC, Shri. Ramesh Chandran, ADIO, DI&C, Shri. Suresh, Technical officer, DI&C are nominated for the sector IT, Food processing and Light engineering respectively. Shri. Santhosh, Manager, K-BIP has been nominated for coordinating CDP activities in these sectors.

K-BIP official visited Talikulam on 13.01.05 and held a discussion with the people who are engaged in this mission.

Shri. T.O. Sooraj, Director Industries and Commerce, GM, DIC, Thrissur, the nominated officials interacted with the delegates of Talikulam Vikas Trust on 1st Feb 2005. The Director promised that the departments will extent its whole support to this mission. Also he pointed out that a Scientific study is required to identify employment avenues with the support of professional agencies like IIM, R&D institutions like CFTRI, Mysore.

A meeting of selected beneficiaries and the nominated team of officials from Industries Department had been held on 13th Feb 2005. The concerned officials interacted with core people of the respective sectors. On the basis of these discussions they have prepared a road map of the action plan and it has been discussed. For the Garment sector Shri. Ramanathan Former Ex. Secretary of Tirupur Export Association made an excellent presentation regarding opportunities in the garment sector. He selected seventeen people who knows their basics in tailoring. With these people they are trying to set up a CFC with the objective of making School uniforms for the coming academic year. They had entered into an

agreement with certain schools in Thrissur to supply uniforms for them. The project report for the CFC had been prepared and was approved by the Financial Institution. They will establish the machinery in the CFC before 2nd week of March 05. The Non resident Keralites from Talikulam village are ready to promote this EGES project. Shri. Mohammed Ali (Galfar) is one of the main promoters.

Kollam

Shri. Sunil, CDA has identified a sector at Mukhathala block in Kollam district as Dairy products. As part of the women empowerment in Mukhathala Block, Kollam Dist. Group of People (SHG) has been selected under PMRY Scheme to fund them in cattle rearing for milk production. Industries Department has come up with a plan to increase their profit margin, which is aimed at bringing this group also under the Industrial Cluster approach.



Inaugural speech by Shri. Chellappan, GM, DIC Kollam in the awareness programme of CDP in Dairy Sector.

Shri. Santhosh, K-BIP and the CDA visited and interacted with Shri. Sudheer Babu, Dairy Engineer, Agricultural University, Thrissur. On the basis of discussion they have prepared an action plan and it was discussed with the people who are interested in cattle rearing, officials from various department like Dairy, Animal husbandry, Insurance, DIC, Kollam, Kudumba Shree etc. were present and delivered their opinions regarding this action plan and this has been agreed to.

(cont...)

Summary of the action plan

I Phase:

People engaged in cattle rearing milk production, collect the produced milk at common place. Where the product is tested and certified for its quality. This is then filled in sealed cans and distributed.

II Phase:

It has been proposed that the profit margin can be increased if they engage in the production of other milk products, which will require only a small investment of about 2 lakhs from their part. Milk products such as ghee, curd and buttermilk are obtained in the different stages of the same process. What the DIC has in mind is to set up this dairy plant in a particular area consisting of two wards in the Mukhathala block, then based on the success of the endeavor the department plans to replicate the facility in other wards in the same manner.

III Phase:

In the near future (say five years since) considering that all the wards in the Mukhathala block emulate this model, it is expected that around 50,000 lit of milk can be produced per day. At this point, we can consider the establishment of a milk pasteurization plant. A minimum capacity plant is estimated to cost around 50 lakhs.

If this venture turns out to be fruitful, it will not only increase employment opportunities but also help the socially and economically backward section of that area especially women to upgrade their living standards. Given that maximum effort is concentrated in this mission, we may even be able to put this small area in Kollam district in the 'map' as a miniature replica of the Amul village in Gujarat.

One consortium from Garment

Mahila apparels (P) Ltd a consortium at Angamally, in Ernakulam Garment Cluster, inaugurated their Building for CFC and Training Center on 6th January 2005. Shri. Lonappan Nambardan MP inaugurated it. In their CFC they are going to set up advanced machines like High speed cylinder bed chain stitch

machine, High speed lock stitch machine, Orbito portable boilers, Cylinder bed over lock machine fitted with automatic elastic attaching device, Damei GY09 series of multi head computerized embroidery machine etc. This consortium consists of a group of women entrepreneurs who are engaged in manufacturing garments exclusively for women.

In their training center they have started the training for the Kudumabashree people and Shri PH Kurian IAS inaugurated it on 29th January 2005. Kudumabashree is one of the state Govt. agency promoting SHGs, the mission being eradicate poverty from the State. The consortium and the group that has been trained from the training center will work in 'mother satellite' concept in



Training session of Angamally Garments Consortium

future. The Kudumbashree or DIC will provide loans through PMRY scheme to the trainees for purchasing machines and for working in their own places, individually. As part of the productivity, the consortium will out-source some of its work to the trained individuals.

Exposure visit to DOMOTEX

With the assistance of DC (SSI) & Govt of Kerala, five members of the **Natural fibre products manufactures consortium**, one of the consortium in the Kottayam rubber cluster, visited the Domotex – 2005 trade fair (World's leading trade fair for carpets and floor coverings) in Hanover, Germany held between 15th January 2005 to 18th January 2005. CDA had organized and facilitated the visit upon negotiation with M/s Orbit (International Tour operator) who gathered information from various agencies. The exposure visit was very successful in terms of enlightenment and encouraged the consortium members to undertake manufacture of new value added products . At Domotex they were able to see the trend setting developments and innovations in all product categories like carpets, textiles, rubber based coir products and rubber floor coverings as well as equipment for application and laying procedures.

Domotex trade fair is one of the world's leading trades fair in carpets and floor coverings. Leading international manufacturers and importers regard Hanover as the ideal place for showcasing the entire spectrum of the floor coverings. This is a meeting place for some 1100 exhibitors from over 55 countries (There were about 20 exhibitors from our State). For professionals in the wholesale and retail trades, skilled crafts men, architects and interior designers the fair is uniquely informative and comprehensive overview of products, techniques and services. Due to its scope Domotex serve as an exclusive market place and a summit for international contacts. The fair also offers tailor made information and solutions to all our specific needs and interests, valuable know how and information on up coming trends and innovative products in key sectors.

Astonishing Outcome from

- Kannur Handloom Cluster

One of the established Clusters in Kannur District is the Handloom cluster. Four consortia have been formed in this cluster and they have taken the lead role in the cluster development activities. Due to the initiative taken by these consortia some of the agencies from abroad have visited the cluster and created awareness among the cluster members regarding the requirement of Handloom products in the international market.

As handloom weavers in this cluster at Kannur are getting their acts together to face challenges expected after the dismantling of the quota regimes in 2005, the Irinavu Handloom consortium, one of the four of its kind in the District, has made a head start in taking efforts to increase productivity in the sector and equip them with innovative products & designs to attract domestic and international demands. The consortium has already sought the service of a German agency- Senior Experten Service – for improving quality of products, increasing productivity and launching new products catering to the needs of international markets. The consortium has opened a common show room, ICON, at Kannur for showcasing and sale of Handloom products.

Another agency from Australia, for marketing consultancy, 'Vision Tranzbiz', is planning to enter into long-term collaboration with the handloom industry here to provide design input to the weaving community and to introduce supply chain knowledge to manufacturers and exporters. Though the handloom sector here has master weavers and master dyers, lack of professional designing that suited the western market is still a major problem. The Australian designer, Ms. Sara Thorn, conducted five-day workshop at the Institute of Handloom Textile Technology at Kannur. The plan was to provide design input to the weavers and to help them get a proper design perspective. Only those producers who were in the design end of the spectrum could draw the attention of the buyers in the west. Vision Tranzbiz has identified 23 centres across the world, including one centre in Australia, for marketing handloom products from here. Understanding of the market and how the available material could be translated into a product that would be agreeable in the west are crucial areas as far as the producers are concerned. The designer center that Vision Tranzbiz is planning would also give practical exposure to fashion technology students and weavers.

An Oil extraction Plant

- Need and Necessity

There are 160 modern rice mill units functioning in the Ernakulam district under SSI sector and majority of them are concentrated at Kalady and nearby areas of Ernakulam District. The capital investment in the industry is roughly around 280 Crores. Total turn over per annum is about Rs. 1000 Crores. Rice mill industry in Ernakulam District is creating employment

opportunities directly to 7000 persons. The power requirement per Rice mill unit is around 150 HP.

The main raw material used in the industry is paddy. A series of processes including raw paddy cleaning, par boiling, paddy drying, paddy milling etc convert these raw paddy into rice as main product and rice bran as by product.

Units cannot sell rice bran at a reasonable price, as rice bran extraction units, outside the State, control the price of Rice bran. For getting high quality edible bran oil, the rice bran should be processed immediately after rice milling. The absence of sufficient bran extraction units in the near by area create problem to rice millers, such as the deterioration of bran before processing and there by rice mill units will not get the right value for their by product. To solve this major problem of rice manufactures in Ernakulam District, they discussed about it in depth and have decided to start a common facility center for processing rice bran at Kalady area. They formed a consortium as M/s. KALADY RICE MILLERS CONSORTIUM PRIVATE LIMITED and the consortium is setting up the bran oil extraction plant at Kalady. The processing capacity of the proposed plant is 100 MT of rice bran per day. The main raw material used for the unit is rice bran. Consortium member unit supplies the raw materials. Thirty three rice-manufacturing units promote the company as consortium.

The Bran extraction unit consists of five sections, which are Preparatory section, Extraction section, Meal Desolventising Section, Distillation Section, Solvent Recovery Section. The approximate project cost (including preliminary and pre-operative expenses) is Rs. 315 lakhs.

CFC from Plywood cluster

There are 55 plywood-manufacturing units in Ernakulam District under SSI sector and majority of them are concentrated at Perumbavoor and nearby areas of Ernakulam District. The capital investment in the industry is roughly around Rs. 4400 Lakhs. Total turnover per annum is about Rs. 55 crores. Plywood industry in Ernakulam District is creating employment opportunities directly to 2750 persons. About Rs. 200 crores veneer (Rubber wood) manufacturing units are working in Ernakulam. The power requirement per plywood unit is around 125 HP. The raw materials

used in the industry are Core Veneer, Face Veneer and Gum. Hydraulically operated steam heated hot press is used for the process.

The Gum used in this process is manufactured using Urea, Formaldehyde and Tamarind seed powder. Nobody in this field has ever tried for a new type of economic and quality gum using new technology. CUSAT is having a Polymer Technology Department and hence can be approached for technological advice in this matter. Core Veneers are available locally. Being popular for rubber cultivation, the rubber wood required for veneer are sufficiently available here. In addition, there are many units engaged in Veneer production only. The Face Veneers required are now coming mainly from North India. There they import logwood and after peeling, the Face Veneer is marketed in Kerala.

Following specific problems need prime attention and solution

1. Raw material price especially of Face Veneer and Gum are now controlled by suppliers.
2. Non-availability of new technology for quality Gum that can be used economically.
3. Lack of knowledge about quality standards in the field and lack of nearby testing centers.

The meeting of plywood manufactures in Ernakulam District discussed the problems identified and following suggestions had come up.

1. A Common Facility Center for Face Veneer Peeling is urgently required.
2. The industrial units themselves will make necessary arrangements for import of timber at their own risk for manufacture of Face Veneer.
3. A Gum manufacturing unit will be set up by a consortium of the industrial units.

To execute the above plans they formed an association and registered as M/s. PERUMBAVOOR PLYWOOD MANUFACTURERS CONSORTIUM PVT. LTD. that has almost established a Face Veneer and Plywood Glue production unit at Ponjassery post in Perumbavoor. The main raw materials used in the unit is Kalpaine, Formaldehyde, Urea Fine Chemicals,

Formic Acid, Caustic Soda etc. 20 Plywood Manufacturing Units promote the company as a consortium.

The member units can either purchase Face Veneers and Plywood Glues directly from this Consortium Company or they can peel their Kalpine imported directly from Malaysia and Burma on their L.C. in this unit. They can also make Plywood Glues by supplying formaldehyde, Urea and other fine chemicals to this Consortium Company. Thus the Consortium Company acts as a raw material supplier or service provider. The total project cost is Rs. 110 lakhs.

CDAs from Coir Department

The final phase of the training for Cluster Development Agents was completed in the last week of December 2004. Twenty-three officials from the Coir department were trained as CDAs and they identified around ten potential clusters in the various parts of the State during the phase II training. They came with the diagnostic study reports and it was fine-tuned after their presentations in the session of the final phase. Shri. Jitendra Kalra, UNIDO, Shri. V. Padmanand, National Expert of CDP were the



Participants with Shri. V. Padmanand & Shri. Jitendra Kalra

main faculties in this session. Kerala Bureau of Industrial Promotion, Trivandrum organized this Training program on behalf of Coir Department, Government of Kerala.

Tera Tiles consortium (P) Ltd

One consortium from Tiles cluster in Thrissur District has been formed with the purpose of setting up a RMB and modern clay processing plant with quality testing lab as a CFC. Throughout the known-history of human race, clay has been closely associated with man's daily life in more ways than one, be it for pottery or shelter. Clay has been helpful to man through the ages due to its distinctive

features like plasticity and elasticity (when wet), its ability to retain any form given when dried & finally burned into a strong body with a beautiful colour. Earthen pots as old as 7000 years have come to light recently. It was in the year 1915 that the first-ever roofing tile manufacturing factory came into existence in Thrissur District. It was the Christian Missionaries from Czechoslovakia and Poland who set up several mechanized tile-manufacturing units in these regions, as part of their charity projects.

Clay based products are very much a part of modern industry. Development of technology has helped in using clay more wisely and cleverly for the needs of modern man. In contemporary architecture, clay roof tiles and floor tiles play a vital role in defining the elegance and character of each building and its interior. Today tile industry plays an important role in the construction industry, catering to its needs for more products of complex nature, than just roof tiles and floor tiles, such as weather proofing tiles, structural clay hollow roof blocks and wall blocks, lightweight hollow partition bricks etc.

Indiscreet and mindless clay mining operations, which is presently employed by manufacturers causes serious damage and devastation to precious paddy crop, which has called for heavy protest from the environmental protection activists and NGOs. The traditional markets for roofing tiles are disappearing. New markets and market strategies demand better quality.

Products with marked accuracy in shade, texture, size, shape and design. The present methods of hand picking clay, unscientific blending and preparing the same, engaging unskilled labour for moulding and giving form, thumb rule firing methods are all serious obstacles in the path of streamlining and quality production. In order to overcome these major problems the consortium has decided



Roof tiles of Tera Tiles Consortium

to setup the CFC. The processed clay from this unit will be converted into value-added products by the existing units of the cluster members. With the aim of establishing a RMB, they have purchased land for mining. They are going to establish the proposed plant near this purchased land.

Consortia from Kannur

Kannur Coir Mattress Associates (P) Ltd. is a consortium of Coir mattress units in Kannur District. The main objective of the consortium is to set up a CFC for Quilting, which requires an investment of about Rs. 1 crore. An exposure visit was

made outside the State for identification of suitable machinery. Now they have prepared a project report on this and are going to release an order for the purchase of the machinery.

A consortium for General Engineering has been formed under the name **Payyannur Light Engineering Industries Consortium** and they have established a raw material depot in the Payyannur area. Smt. S. Jyothi, Municipal Chairperson inaugurated the depot.

Artisans from the Jewellery clusters have formed a consortium under the name **Viswasilpi** and have opened a common showroom for Gold ornaments, in Kannur town, named **Viswasilpi Gold House**.

~ Kerala Business to Business Meet 2005 ~

Government of Kerala had conducted the first Kerala Business to Business Meet at Kochi during 2004. The Meet was greatly appreciated by the manufacturing community of the State and there have been suggestions to conduct the Meet on an annual basis. The B2B meet presents the small-scale industries/Industrial Clusters in Kerala with a platform where they can interact with buyers from International Markets. No other trade fair in Kerala has ever been able to create such repercussions as this Business Meet.

In order to provide yet another opportunity for the manufacturers of Kerala to gain access into global markets as well as to carry forward the momentum generated by B2B 2004, Government of Kerala have decided to conduct the **Kerala Business to Business Meet 2005** during **September 6 - 8, 2005** at **Galfar International Convention Centre, Hotel Le Meridien, Kochi**.

The sellers are those manufacturing units (sectors mentioned below) based in our State & the buyers are those Companies, Trade Representatives, Buying houses located outside the State & Overseas.

The sectors that are being focused are:

- Coir
- Handicrafts including Khadi & Village Industries products
- Handlooms
- Processed Food & Spices
- Herbal / Ayurveda / Pharmaceuticals
- Construction Materials, Wood & Interior Decorations
- Rubber & Rubber Products
- Printing & Packaging.

The participating manufacturing units, based in Kerala, will be provided a shell space (2 M X 2 M) for displaying their products. The registration fee for each participating unit in the Meet is fixed as Rs. 12,000/- (Rupees Twelve Thousand Only).

Those Cluster/ Consortium/ Units interested to participate in the B2B Meet 2005 has to register at their respective District Industries Centre's (DIC's) or at Kerala Bureau of Industrial Promotion (K-BIP), Thiruvananthapuram on or before 15th June 2005.

For any further details, you may please contact the General Manager, Kerala Bureau of Industrial Promotion, (K-BIP), Thiruvananthapuram, who is coordinating the event on behalf of the Government.

Private circulation only. Prepared and printed by Kerala Bureau of Industrial Promotion (K-BIP)

Kurup's Lane, Sasthamangalam P.O., Thiruvananthapuram-695 010. For and on behalf of Dept. of Industries, Govt. of Kerala.

Tel : 91-471-2311882, Fax : 91-471-2311883, E-mail : bureau@vsnl.com bureau@asianetindia.com

Website : www.keralaindustry.org