



T.O. Sooraj IAS
Director
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A word from the Director

40 consortia, most of them mid-way, on the road to full-fledged development is something to boast of; and the fact that it is happening in Kerala is something to take pride in. As stated earlier only half or rather a quarter of the process has been completed. However there are still many hurdles left before us. The recently held evaluation meetings in different parts of the State has brought to notice that product marketing and brand building is where most of the SMEs stumble down when it comes to show casing their products at National and International levels. Confinement to the domestic market can badly influence the sustainability of the SMEs. The task is not however as obstinate as it seems, of which the Tirupur Export Association is a good example.

A proper benchmarking study of the National and International markets will provide the entrepreneurs with enough information as to what is to be done to upgrade the product manufacturing process as well as quality and value addition. Moreover, the valuable advice of astute professionals from reputed Institutions can help the SMEs in implementing necessary upgradation activities. This process, which in itself, is expensive can be more easily afforded by the SMEs provided they stand together as a consortia. So once again the stress is on the creation of SME consortia under the Cluster Development Programme as the proverb says "United we stand divided we fall".

NRFMPC – Leading the way to Industrial development through Cluster Approach

4th June 2005 was a memorable day for the Rubber and Plastic small Industries Association and Natural Rubber and Fibre Products Manufactures Consortium Pvt. Ltd (NRFMPC). Honorable Chief Minister of Kerala, Shri. Oommen Chandy inaugurated the upgraded infrastructure facilities of Industrial Estate, Changanacherry. Honorable Minister for Rural Development, Shri. C.F. Thomas laid the foundation stone for the proposed Central Rubber Mixing Plant. Shri. K.E. Esmayil, President, AKIEUOA; Shri. Varghese Antony, President, Vazhappally Panchayat; Dr. Jacob Thomas IAS, Chairman, Cochin Port Trust; Shri. R.G. Gadkari, General Manager, State Bank of Travancore; Shri. K.A. Mathew, Deputy Director, SISI, Trichur; Shri. Xavier Thomas Kondody spoke during the occasion.



Hon'ble Chief Minister of Kerala, Shri. Oommen Chandy inaugurating the upgraded infrastructure facilities of Rubber Cluster.

NRFMPC is the first ever professional and legally constituted sustainable consortium in Kerala under Cluster Development Programme. It is the success of NRFMPC which made the Department realise the necessity and importance of the cluster approach in the other sectors. This consortium was formed in the middle of 2003 and since then the development activities in this cluster are going on well. The various programmes conducted by them till date prove this. These achievements are due to the team work of the cluster actors and the CDA. Several cluster actors from various parts of the State visited and interacted with the cluster members, which helped a lot to increase the confidence of the visiting cluster actors.

The infrastructure facilities of the industrial estate, Changanacherry were upgraded under the AISDE scheme of Govt. of India sanctioned by KINFRA. The total estimated cost of the project is Rs. 40 lakhs out of which Rs. 4 lakhs is the contribution of the Association. The central rubber mixing plant is a Rs. 350 lakhs

Consortium of mattress units inaugurated

A consortium, formed by the industrial units manufacturing rubberized coir mattresses in the district, for setting up common facilities as part of the District Industries Centre – sponsored cluster development programme was inaugurated at Parassinikkadavu, Kannur.

The Director of Industries & Commerce, Shri. T.O. Sooraj, inaugurated the consortium – Kannur Coir Mattress Associates Pvt. Ltd. – at a function at Andoor in Parassinikkadavu. The District Industries Centre, General Manager, Shri. J. Somaraj, was present at the function.



Shri. T.O. Sooraj IAS, Director (Industries & Commerce) inaugurating the Consortium.

The consortium Managing Director, Shri. C.P. Muhammed Kunhi, said that the Consortium has been formed with the objective of equipping the units to collectively face the problems in the rubberized coir mattress sector and to introduce changes in the sector. Initially six units formed part of the Consortium.

The Consortium will establish facilities such as raw material bank and facility centres with the objective of reducing the production cost. The production cost at present is high because quilting process in the manufacturing of the mattresses is being done at Bangalore.

The Rs. 60 lakhs quilting machine purchased by the Consortium was also inaugurated at the function. It would help the manufacturers reduce the cost, Shri. Kunhi said. He said that the curled coir, a key raw material required for the industry, was now being imported from Tamil Nadu and Karnataka.

The Consortium had invested Rs. 30 lakhs for setting up six curling units with a production capacity of 250 tones per month.

Kerala Federation of Industrial Clusters -A helping hand for CDP

KFIC, which formally started functioning on 20.05.2005, conducted a one day workshop at Nedumbassery Abad Air port Hotel, Ernakulam as part of its inaugural session. Shri. V.K. Ebrahim Kunju, Hon'ble Minister for Industries and Social Welfare did the honours.



Shri. V.K. Ebrahim Kunju, Hon'ble Minister (Industries & Social Welfare) inaugurating the workshop.

In his inaugural address, the Minister said that in this era of globalisation it is very important that the small scale industries make use of modern technology for their growth and development, it is so important that even the survival of the SMEs depends on such technology up gradation and utilisation. The Minister also informed the gathering that the Government has already started the works on the enforcement of a special law which will allow subsidies for Industries from the Department for utilizing modern technology.



Shri. Sathyanand Mishra, IAS, Development Commissioner (SSI) inaugurating the workshop cum seminar organised by the Kerala Federation of Industrial Clusters at Kochi. Shri. Lonappan Nambadan, MP, Shri. Saju Paul, MLA, Shri. R.C.M. Reddy IAS, Shri. P.H. Kurian IAS, Secretary (IT), Secretary (Investment Promotion) & MD, KSIDC, Shri. Jagat Shah IAS, Shri. T.O. Sooraj IAS, Director (Industries & Commerce), Shri. N. P. Antony, MD, Kalady Rice Millers Consortium (P) Ltd are also seen.

It is believed that Kerala Federation of Industrial Clusters which has been formed with the view of improvisation of all industrial clusters in the State will turn out to be milestone in the Industrial Policy of the Kerala Government.

The Minister extended his whole-hearted support for the KFIC, at the inaugural session.

Shri. P.J. Joy, MLA; Shri. R.C.M. Reddy IAS, National Expert, UNIDO; Shri. Jagat Shaw, Global Export Promoter; Shri. N.K. Mohanan, Addl. Director of Industries and Commerce; The President and Secretary of KFIC and various cluster actors participated in this event.

Developments in Induced Cluster –Dairy

A second level trust building meeting of dairy cluster was held at DIC, Kollam on 05.05.2005. Around 100 women beneficiaries of SHGs attended the meeting. Shri. Jai kumar, Chief Manager, SBT, Kundara; Shri. K.K. Ravi, Asst. Manager, Syndicate Bank, Kundara; Smt. Lalithambika, Dairy Extension Officer; Senior Officials of DIC Kollam; KBIP Official participated and addressed the group and the meeting was organized by the CDA Shri. Sunil, IEO, DIC, Kollam. The activity groups consisting of

5 to 8 members per group agreed in principle to develop this sector under cluster development programme of the State. It has been decided to arrange a training programme in Dairy products for the beneficiaries of the cluster and selected 2 to 3 representatives from each group.

This training programme is to be conducted by the Dairy Department of the Agricultural University. The first phase proposed in the action plan of the induced cluster is Milk production. For this, the CDA of this cluster provided PMRY loan to the groups who are interested in cattle rearing. The various financial Institutions had sanctioned around Rs. 130 lakhs of amount during 2004-2005 under this scheme for 268 members of various SHGs. It is mainly for cattle rearing and manufacturing milk products like Ghee, Curd and Buttermilk. The same Financial Institutions are ready to give PMRY loan in the same sector in 2005-06, the proposals for this have already been submitted by the CDA. The

(NRFMPC – contd. from page 1)

project of the NRFPMC Pvt. Ltd., sanctioned under the Small Industry Cluster Development Programme of DC (SSI), Govt. of India. The total cost towards plant and machinery of the proposed project is Rs. 265 lakhs out of which Rs. 239 lakhs is the share of DC (SSI) under the above scheme. The project is expected to be commissioned by September 2005. This facility is to correct prevailing line of imbalance among member units in terms of mixing and moulding. Enterprises that are currently operating at only about 30 % of capacity may henceforth enhance productivity by three times. A cost reduction of about 5-8% in annual cost of production is also expected. This will also help the enterprises to manufacture value added products as quality enhancement and standardization is also facilitated.

The Rubber Cluster at Kottayam is active and is on the forefront as an identified UNIDO cluster wherein the Small Industries Development Organisation (SIDO) plays a Catalytic role by way of extending support and assistance to the State Government for strengthening this cluster. Thus SIDO is playing a proactive role for strengthening the Kottayam Rubber Industries Clusters by encouraging all the players in the cluster to catalyze their synergies in specific areas like marketing, investment and technology transferring process, modernization, etc.



Trust building meeting of Dairy Cluster held at DIC, Kollam on 5-5-2005.

officials of Financial Institutions and others who were also present in this meeting offered all kind of support to this cluster. It has helped to uplift the confidence of group members to initiate the entrepreneurship in dairy sector. They have also decided to form a consortium of SHGs of neighboring 2 wards as first phase of action. This consortium will establish common collecting center with quality testing facility and the tested milk will be distributed with the assurance of quality. Then the consortium will establish a plant for dairy products like Ghee, Curd etc. Such kind of consortia will be formed in other wards of the Block Panchayat. The Vision of the group is to achieve production of milk at the rate of 50000 liters per day. At this juncture they can also think about setting up a milk production unit with pasteurization facilities.

Another Food Cluster evolving from Kollam

In the Industrial map of the State, Kollam is marked with Fisheries and Cashew industries. Presently the developments in these sectors are very poor and the major industrialists have started units in other States. A group of Cashew processors have come forward to accept the cluster approach and develop their own business. Three level awareness meetings were held among them under the leadership of K-BIP, Shri. Sunil, IEO of Kollam DIC also participated as CDA. They have decided to register a consortium as Private Limited Company. The main objectives of the consortium are establishment of a raw material bank and HACCP certified CFC for packaging and other value addition processes like roasting, salting etc. Now they are engaged in processing the raw cashew for the exporters on commission basis. They have come forward as a group mainly for business improvement and to utilize the spare capacity of their plant. The consortium will market the product coming through the CFC and assure the quality with nutrition labeling.

Wood consortium from Malappuram

In this District, the wood cluster is concentrated in three regions, ie. Edavanna, Perunthalmanna and Kottackal. The trust building has been completed in the first two places and they have registered as Private limited companies. Edavanna Timber and Furniture Consortium (P) Ltd (ETFC) is one of the consortium in the cluster and they are in the process of establishing CFC with

the support of Malappuram District Panchayat. Shri. A.P Anil Kumar, Hon'ble Minister for Welfare of Backward & Scheduled Communities and Cultural Affairs had laid the foundation stone for it on 24.04.2005.



Shri. A.P. Anil Kumar, Hon'ble Minister for Welfare of Backward & Scheduled Communities & Cultural Affairs laying foundation stone for setting up CFC at ETFC (P) Ltd.

Shri. A.P. Ummer, President, District Panchayat; Shri. P.K. Basheer, Member, Dist. Panchayat; Shri. M. Abdul Majeed, Secretary, Dist. Panchayat; Shri. A. Salahudeen, MD, ETFC; Shri. K.M. Mustafa, Standing Committee Chairman and Senior officials of DIC participated. In Peruthalmanna area they have registered a consortium as Valluvanad Wood Consortium (P) Ltd. The association formation in Kottakal area is under progress.

NGO's supporting Clusters

Screw pine Cluster : Kottapuram Integrated Development Society (KIDS) at Kodungallur in Thrissur District is a well-known NGO in the State. They are promoting lot of SHG's in various sectors mainly Handicraft items. Around 150 SHG's which includes 3000 families are having the skill to manufacture Screw pine products in the Kodungallur Taluk. Since the earnings from this is not sufficient for their livelihood and do not pay heed to upgrade their skills and to design innovative products, KIDS has taken the initiative to produce value added products in screw pine and organize the SHG's in this area. The NGO took the initiative to organise an awareness workshop about Industrial Cluster Development programme on 25.04.2005 at KIDS auditorium. Around 100 members from the SHG's participated. Fr. Joby, Dr. Sunny George, Consultant of KIDS, Shri. Madana Mohan, Manager, DIC, Thrissur, Shri. Balakrishnan, CDA and K-BIP

official took part in the workshop. After the meeting, it was decided to conduct a diagnostic study in this sector and a draft of the report evaluated and discussed in detail with the cluster actors under the leadership of Fr. Johnson, Executive Director, KIDS.



Shri. V.K. Ebrahim Kunju, Hon'ble Minister (Industries & Social Welfare) addressing the screw pine members at Kottapuram in Thrissur.

Shri. Ebrahim Kunju, Hon'ble Minister for Industries and Social Welfare, Government of Kerala visited the cluster on 28th May 2005 and offered all support to the cluster actors for the development of the cluster.

Garment cluster: Gandhi Smaraka Samithi at S.L. Puram in Alleppey District is an NGO, which looks into many social empowerment works in the District. Now they are trying to develop a garment cluster under their umbrella in the District. A lot of SHG's are presently working under the control of this NGO. The Gandhi Smaraka Samithi has selected 20 SHG's having skilled to produce readymade wares. The leaders of the group have decided to constitute a consortium and this consortium will then manage a common facility centre for the garment sector. An awareness meeting was held at the Gandhi Smaraka Samithi office in May 2005.



Shri. Ebrahim Kunju, Hon'ble Minister observing screw pine products.



CDP awareness meeting among SHG's at Kottapuram in Thrissur.

CDAs of Alleppey District, Smt. Anandavally, Shri. Shaji and Shri. Muraleedharan Pillai participated in the interactive session that followed. An official from K-BIP explained to those gathered about the CDP activities going on in the State. Shri. Jagadheeshan, Secretary of the NGO made the introductory speech and a Senior official from SBI was also present for the meeting.

Paddy Cluster : Another NGO, Kuttanad Vikasana Samithi, Alleppey works at promoting rice cultivation by supporting around 100 SHGs in this sector. This NGO is presently marketing under the brand name 'KARSHAKA'. The speciality of this product is that it is cultivated and processed in the traditional way without using chemicals. If they semi mechanise their processes, they can improve the quality as well as the quantity of their produce and this will also enable them to bring into the market various categories of rice.

We conducted two awareness meetings among the SHG's at the office of the Kuttanadu Vikasana Samithi at Ramangiri, Alleppey. Fr. Thomas Pallikcal, Executive Director, presided over the meetings. A K-BIP official and Shri. Muraleedharan Pillai, ADIO, Alleppey District were also present. The diagnostic study of the cluster is going on in association with the NGO. It is expected to be completed before the second week of July 05.

Evaluation and Monitoring of CDP

Industrial Cluster Development activities are being carried out in all the Districts of the State, through the trained officers of District Industries Centres, who acts as Cluster Development Agents (CDA's). 60 sectors/ areas have been identified for Industrial Cluster Development and Diagnostic Study has been completed in 45 clusters. Trust building activities/ meetings/ awareness workshops etc. are carried out in the other clusters.

Around 40 consortia have been formed for various goals in the different clusters, 36 of them are registered as private limited entity.

In order to assess the latest status of various clusters/consortia and to contemplate further steps to be taken regarding Industrial Cluster Development, review meetings were conducted, which saw the participation of General Managers of District Industries Centres, the Cluster Development Agents (CDA's), consortium members etc. along with the officials of Industries Department. This was an opportunity for the consortium members and CDA's to have a direct interaction with the Director (Industries & Commerce) and to sort out the various problems/ issues related to Cluster Development. DI&C directed to present a detailed Action Plan on the activities to be implemented in the cluster for one year starting from April 2005. All CDAs has already submitted their action plan and it was evaluated by him with necessary suggestions. He also applauded the CDA's and also ascertained certain things to them to keep in mind while they work towards their goal.

They are –

- ◆ The CDA's and Government officials should create a feeling of trust among the cluster members.
- ◆ The CDA's should be aware of, and observe, the development activities, and the benefits achieved from every stage of development of cluster, by those involved.
- ◆ Importance should be given for the Skill Up-gradation Training, especially in the Garment and General Engg. Sector.
- ◆ The CDA's should identify BDS providers in each sector and engage them in necessary areas of development of the cluster; and, for this they can avail the assistance of the DI&C or the K-BIP officials. An individual CDA can be in charge of one or more clusters and he should be responsible for the activities of cluster development in those sectors. This CDA will have to answer any question regarding the activities of the respective clusters.
- ◆ All the officials who are involved in PMRY activities should follow the model of Induced Dairy Cluster at Mukhathala in Kollam Dist., which is being developed by the CDA, Shri. Sunil, IEO of Kollam DIC while he appreciated Shri. Sunil for this.
- ◆ It is understood that there has been no progress after the diagnostic study of one of the ethnic food cluster at Karunagappally in Kollam. The CDA has been given a time period of two months to work towards a fruitful out come from this cluster; otherwise he can identify another potential cluster for the development and submit its Action plan.
- ◆ If the clusters/consortia face any hurdles from any Department or Offices for their activities, the concerned CDA should sort out the problems with the Offices and resolve them. He may also bring this to the notice of his GM, if necessary.
- ◆ Before selecting a sector for CDP, the CDA should make a deep study about the sector and he himself should have a confidence that the sector will be benefited more when there is CDP implementation.
- ◆ Prepare sturdy projects to develop business in the sector; in which the CDA's intervene for the CDP.
- ◆ CDA's should identify more potential clusters for the CDP activities. One CDA can develop more than one cluster but for one cluster only one CDA is required. If any cluster has more than one CDA the GM should reallocate them properly.
- ◆ All CDA's should approach the Local Bodies to appeal for their assistance to establish CFC/Raw material bank/ Marketing outlets. GM's of the respective Districts can also intervene, if required.
- ◆ Regarding the CDP in the Coir sector they can make use of the assistance from CDA's of the Industries Department but it is better to develop through the CDAs of Coir Department.

Technical workshop for CDAs

In the Evaluation and monitoring meetings of the Cluster Development Agents (CDA's) held in the State during April 2005, Shri. T.O. Sooraj, IAS, DI&C felt that most of the CDA's does not have knowledge on Marketing, especially Product Marketing.

Hence, as instructed during the review meetings, a one day workshop on marketing for the trained CDA's of the Industries Department was organized by Kerala Bureau of Industrial Promotion (K-BIP).



Dr. Sunil Sahadev, Assistant Professor (Marketing), Indian Institute of Management – Kozhikode handling the technical session.

Dr. Sunil Sahadev, Assistant Professor (Marketing), Indian Institute of Management – Kozhikode handled the technical session on marketing. DI&C inaugurated the Workshop and Shri. N.K. Mohanan, Addl. Director of Industries & Commerce made a detailed presentation about the various schemes of State and Central Governments for Cluster Development Programmes.

Rice Millers Consortium -an initiative worth emulation

A consortium was registered with 33 entrepreneurs who are engaged in rice production based at Kalady, Ernakulam under the name “Kalady Rice Millers Consortium (P) Ltd”. The major initiatives planned are to set up a rice bran oil extraction unit, an effluent treatment plant, lab for testing and for Research & Development, common packing unit etc.

The first phase in the action plan is the setting up of a plant for rice bran oil extraction. Rice bran is a bye product from rice mill and at present is being sold to outside agencies at a very low price. If it is stored for more than 12 hrs, the quality will deteriorate bringing



“LEADS RICE” is the branded product of M/s Kalady Rice Millers Consortium (P) Ltd and will be available in the market shortly. Inauguration of the sales was carried out by Shri. Anupam Das Gupta, IAS, Secretary, Small Scale Industries, Govt. of India.

the price down. If they set up a plant as proposed above for rice bran edible oil, it will improve the profit margin of the individual units. So the consortium has decided to establish such a plant in the cluster.

Shri. P.K. Kunhalikutty, the then Industries Minister, Government of Kerala laid the foundation stone for the oil extraction unit at Kalady on 10.09.04.

Shri. Anupam Das Gupta, IAS, who was on a visit to the Kalady –based Rice millers consortium to formally inaugurate the launch of their common brand “Lead’s Rice” lauded the efforts of those behind the formation of the consortium.” The consortium which has already gained great momentum in the Industrial Cluster Development Programme. “I wish them all kinds of prosperity in the future and assure them full-hearted support from the part of the Central Industries Department in their future activities”, Shri. Gupta said at the close of his address, the Central IAS officer stressed that this consortium is an example worth emulation not only in Kerala but also at the National level.



Shri. T.O. Sooraj IAS, Director (Industries & Commerce) inaugurating the Common Facility Centre & Mill Store of M/s Kalady Rice Millers Consortium (P) Ltd, Kalady, Ernakulam. Also seen are (L to R) Shri. N.P Antony, MD, Kalady Rice Millers Consortium (P) Ltd; Shri. Prasannakumar, GM, DIC, Ernakulam; Shri. Nazar, State President, Rice Mill Owners Association; Shri. Xavier Thomas Kondody, State President, KSSIA & Shri. Poulse, KSR Rice.

Aranmula Mirror -testimony to the aesthetic skill of ancient Kerala

Experience the thrill of touching your image on glass with the Aranmula Mirror. While all the other commercially available mirrors are produced by silver coating on one side of glass, this exquisite mirror from Aranmula of Pathanamthitta District in Kerala is created from alloys.



Artisans of Aranmula Mirror displaying various kinds of mirrors.

Locals believe that the Aranmula mirror brings home prosperity and keeps away prying eyes. Determination, perseverance and patience goes into the making of the wonder mirror. The story behind the origin of the mirror goes back to the days of the King. Skilled artisans who were employed by the King to make utensils and vessels for use in the Aranmula Parthasarathy Temple made a Crown for the King to please him, the Crown was silver in colour and could reflect light. They called it 'Kannadi Bimbam'. This was later modified to make the mirror. Till date the making of the mirror remains confined in Aranmula. The first reflection on the mirror is always that of Aranmula and its people.

Shri. A.D. Sharma & Shri. Chacko officials of Canara Bank coordinated two awareness meetings among this group in association with K-BIP, DIC, NABARD.

Shri. V.R. Unnikrishnan Nair, President, Grama Panchayat inaugurated the second level meeting and offered all kind of support from the local body. Shri. Radhakrishnan, Member, Grama Panchayat made the felicitation. Shri. Shaji. C. Kurup, AGM, NABARD; Shri. Jainedra Kumar, Lead Bank, Deputy Manager; Shri. Vijaya Kumar, Manager, DIC; Shri. S. Santhosh, Manager, K-BIP actively participated and interacted with the artisans who had gathered for the meeting.

General Engineering Cluster **-Another effort towards Industrial development through CDP in Kannur**

Following the successful formation of the Handloom consortia in Kannur, small scale entrepreneurs in the General Engineering sector have also decided to form consortia, with the aim

of creating export market for their products. The process is being headed by the Kerala Tiny and Small Industries Development Council.

At present, the Kannur District holds around 400 units, which employs some ten thousand workers in all. The idea is to form 5/6 consortia consisting of 20-25 units engaged in the manufacture of similar products. The first task taken up by the consortium will be concentrated around gate and grills fabrication, machine shops, vehicle body building units etc. To start with, they have chosen gate and grills fabrication and machine shops based at Thalassery.

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