

Domestic Market Promotion Scheme

Introduction

Development of domestic market for coir and coir products is one of the major objectives of the Coir Board as per the Coir Industry Act. The efforts Coir Board had been making under various schemes and programmes through successive Five Year Plans resulted in establishing a stable domestic market. But there are many potential regions which could not so far been exploited on account of various constraints and limitations. Organised marketing of coir and coir products is still confined to the Co-op. Marketing Federations, Showrooms and Sales Depots of the Coir Board and State Sponsored Agencies. The total number of such sales outlets is around 300 all over the country which are quite insufficient to exploit fully the market potential and to provide accessibility to the consumer public, particularly in urban areas. A well organized promotional programme to carry the message of coir to prospective consumers in urban and semi urban areas is called for for promoting coir in the domestic market.

The major components of this plan scheme are Market Development Assistance, publicity, participation in exhibition, expos etc., and improvement of sales network.

Coir Board has been undertaking publicity and propaganda measures through electronic and print media to project coir as an environment friendly, functional and hygienic product. Printing of brochures, catalogues and other publicity literatures, erection of hoardings are other measures adopted for promoting coir in the domestic market.

The Market Development Assistance (M.D.A.) Scheme has been introduced by the Coir Board w.e.f. 2000-01 in lieu of Rebate Scheme that had been in operation in coir sector since 1984. The M.D.A. is linked with the sales performance of the concerned beneficiary organizations and aims at providing incentives for better performance. Under the scheme, financial assistance is provided to the Apex co-operative Societies, Manufacturing and Primary Societies, PSUs and sales depots of Coir Board @ 10% of their annual sales turnover of Coir and Coir Products. The assistance is shared by the Central and the concerned State/Union Territory Govt. on 1:1 basis. The Assistance under the MDA scheme can be utilized for publicity, opening new showrooms/sales outlets, renovation of existing sales outlets, market study, setting up of market intelligence network/upgradation of design facilities like installation of computer aided design centre, engagement of qualified designers, construction of godown, adoption of innovative marketing strategies including payment of discounts, sales incentives etc.

Participation in trade fairs and exhibitions is another effective tool of market promotion Coir Board has been pursuing. In some exhibitions Coir Board facilitates participation of small scale manufacturers and traders also along with Coir Board.

Objectives

To promote coir and coir products in the Indian Market thereby generating market demand for range of coir products leading to increased production and rural employment generation.

Review of the Scheme

The major component of the scheme implemented during the Xth plan period was extension of Market Development Assistance (MDA). The central share of 5% MDA was placed at the disposal of the State Govt. every year for distribution to the beneficiaries along with the equal contribution from the State Govt.'s. The table given below indicates the State wise distribution of central share of MDA.

State wise distribution of MDA

(MDA in Rs. lakhs)

| State | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | Total |
|---|---------------|---------------|---------------|---------------|---------------|----------------|
| Kerala | 110.10 | 105.00 | 202.15 | 539.45 | 126.20 | 1082.90 |
| Tamil Nadu | 26.25 | 37.00 | 36.03 | 57.88 | 37.85 | 195.01 |
| Karnataka | 26.25 | 34.00 | 37.85 | 68.56 | 23.05 | 189.71 |
| Orissa | 1.34 | 1.62 | 1.47 | 3.76 | 0.32 | 8.51 |
| Showroom & Hindustan Coir of Coir Board | 95.40 | 87.09 | 78.97 | 74.02 | 76.78 | 412.26 |
| Total | 259.34 | 264.71 | 356.47 | 743.67 | 264.20 | 1888.39 |

The disbursement of the central share of Market Development Assistance during the Xth plan was subjected to the budgetary outlay available with the Coir Board. There was no exclusive allocation for Market Development Assistance as this was a sub-scheme coming under the Plan Scheme "Domestic Market Promotion". Although major chunk of expenditure under this

scheme was earmarked towards meeting MDA claim from the State Government, Coir Board found it difficult to meet the claims of the States fully. However, settlement was made equitably on a pro-rata basis subject to availability of funds and taking into consideration the State's claim, business turnover in respect of beneficiary units etc. However, Coir Board used to inform the State Government at the beginning of the financial year regarding the specific allocation towards the Central share of MDA which enabled them to make necessary budgetary provisions towards matching share of the MDA. A specific allocation for MDA without clubbing it along with other programmes of DMD would help in giving a more focused attention to the State specific needs without resulting in accumulation of MDA arrears as of now.

The number of exhibitions and trade fairs in which the Coir Board had participated during the Xth plan were:-

| Year | No. of exhibitions participated |
|--------------|---------------------------------|
| 2002-2003 | 27 |
| 2003-2004 | 54 |
| 2004-2005 | 61 |
| 2005-2006 | 91 |
| 2006-2007 | 75 |
| Total | 308 |

Actual expenditure during the Xth Five Year Plan

The expenditure incurred for implementation of various programmes as detailed above under the plan scheme "Domestic Market Promotion" during the Xth Five Year Plan totaled to Rs.35.65 crores with the following year wise break up.

| Year | Expenditure (Rs. crores) |
|--------------|--------------------------|
| 2002-2003 | 5.34 |
| 2003-2004 | 5.25 |
| 2004-2005 | 5.96 |
| 2005-2006 | 12.16 |
| 2006-2007 | 6.94 |
| Total | 35.65 |

Proposals for XIth Five Year Plan

In the present market scenario, retailing sector provides enormous opportunity to market any consumer product and this aspect will be given focused attention for marketing coir during the eleventh Five Year Plan. Efforts will be made towards building a strong, vibrant corporate image and also for developing a strong brand at least for selected products of coir. Quality aspects will be given due attention and efforts will be made to introduce a Quality Mark for marketing coir products in the domestic market through media publicity, seminars/ workshop. Renewed efforts will be made towards creation of product awareness among the existing and potential consumer public. A well designed communication strategy will be adopted with the help of available media for enhancing the product awareness, e-marketing services for widening the reach and also enabling accessibility of products/ services to the individual consumers/ trade/ institutional customers.

The Market Development Assistance (MDA) granted @10% of gross annual sales turnover to the sales outlets in the co-operative and public sector sharing the expenditure on 1:1 basis between the central and the concerned State Govts. will be continued. Certain modifications will be made in the guidelines so as to provide the benefits of the scheme to the primary coir producing societies also. The modification would enable the primary coir societies to utilise MDA for procurement of quality husk/ fibre, payment of wages/ incentives etc. Private sector sales outlets engaged exclusively in the sale of coir and coir products will also be brought under the purview of this scheme; however, limiting the MDA benefits to the finished products of coir like door mats, matting, rugs etc. as different from the eligibility criteria in respect of coir co-operatives.

The sub group VIII on coir industries of the working on Micro, Small and Medium Enterprises and Agro & Rural Industries in its recommendations suggested bringing private sector sales outlets engaged exclusively in coir products under the purview of MDA Scheme. However, benefit of MDA be limited to the products like doormats, rugs, carpets etc. only, as different from the eligibility criteria in respect of Coir co-operatives. It is therefore suggested that the private sector may also be brought under the ambit of MDA in addition to Apex Co-operative Societies, Central Coir Co-

operative Societies, Primary Co-operative Societies, Public Sector Enterprise in the Coir Industry and the Showroom & Sales Depots of the Coir Board. The State Government may be permitted to utilize MDA for disbursement to Private Sector Units also by evolving a suitable delivery mechanism for assistance.

Participation in trade fairs and exhibitions is one of the effective tools of market promotion. Coir Board will continue to participate in all important domestic exhibitions and international exhibitions organized in India. Efforts will be made to facilitate participation of individual manufacturers and traders in such exhibitions as a means of promoting domestic consumption. Exclusive Coir Expos will be organized in important cities in India during festival seasons of regional importance giving participation to manufacturers and traders in coir sector to showcase their capabilities giving major emphasis for promoting sale of range of coir products.

Publicity and propaganda measures through electronic and print media will be continued during the eleventh Five Year Plan for promoting the internal sales of coir and coir products.

Printing of brochures, product catalogues and other literatures, erection of hoardings at vantage points of the metropolitan cities are other efforts pursued for promotion of coir products in the Indian market and the same will be continued during the eleventh Five Year Plan also. In TV net work success of communicating the product message lies in the quality of appropriate product specific TV commercial designed for the purpose. Coir Industry produces a wide range of products for end use applications. Production of TV commercial for communication of the product message to the target audience is a pre-requisite for undertaking media publicity. Coir News is a monthly in-house publication of the Coir Board for circulation among the trade and industry, libraries, embassies and trade mission abroad, Govt. offices etc. The printing and circulation of coir news will be continued in the eleventh Five Year Plan also.

Evaluation of the scheme

The Ministry of Micro, Small & Medium Enterprises had engaged APITCO, Hyderabad for conducting a study to evaluate the programmes implemented under the scheme during the Xth Five Year Plan. M/s APITCO in its report made a detailed assessment of the programmes and its impact on the development of domestic market for coir. The report indicates that the MDA scheme was beneficial to the industry to augment the domestic sales and trade. The study recommended continuation of Market Development Assistance Scheme with certain modifications to make it more user friendly and flexible. In respect of other programmes, the team recommended aggressive participation in exhibitions/ fairs while organising awareness programmes simultaneously to popularise advantages of coir. Intensification of publicity campaign through print and electronic media, establishing networking with public sector trade agencies for sales promotion, imparting better skills to the training staff, renovation and strengthening of Showrooms & Sales Depots of the Coir Board, skill training to sales staff, expanding network of sales outlet through franchising/ dealership/ appointment of canvassing agent etc. are other recommendation.

M/s. APITCO, in their study report has strongly recommended for the continuance of the MDA Scheme with recommendations as noted under :-

- The implementation of DMDA scheme may be continued with necessary modifications in view of livelihood for five lakh rural artisans.
- The primary cooperative societies may be given only discount/subsidy/grant on the sale performance without linking to other envisaged activities as majority of the societies are selling their products to state apex societies.
- Scheme may be modified to cover coir fibre manufacturing societies also.
- The time gap between application, sanction and disbursement has to be reduced to three months.
- The existing 10% discount/grant on sales may be increased to 20% with a condition that at least 5% of the assistance has to be spent for quality improvement.
- Coir fibre also may be included in the purview of DMDA scheme.
- The possibility to include micro enterprises in coir sector other than cooperative societies may be considered under the scheme.
- The state apex bodies are required to be supported exclusively with allocated grants for different purposes. The central and state marketing agencies are expected to focus more on publicity and a renovation of sales outlets. Innovative marketing strategies etc are required to help their member societies.

Need for continuing the scheme

As has already been indicated the vast market potential in India could not be fully exploited. The present level of offtake is not very significant compared to the size of the Indian market. The situation calls for continuing the effort to achieve the objective of development of domestic market. A stable and growing domestic market will always contribute to the healthy growth of the industry particularly on occasions of fluctuations in the export market.

Financial Outlay (Rs. crores)

| Sl. No. | Programmes | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | Total |
|------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1 | Market Development Assistance | 5.00 | 5.00 | 5.50 | 5.50 | 6.00 | 27.00 |
| 2 | Publicity | 3.00 | 3.00 | 3.50 | 3.50 | 4.00 | 17.00 |
| 3 | Exhibitions/ Expos etc. | 1.50 | 1.50 | 1.60 | 1.70 | 1.80 | 8.10 |
| 4 | Improving sales network | 0.50 | 0.50 | 0.55 | 0.65 | 0.70 | 2.90 |
| All | | 10.00 | 10.00 | 11.15 | 11.35 | 12.50 | 55.00 |

Approval required

The SFC/EFC approval is sought for continuing the scheme with all its components as detailed above during the XIth Five Year Plan with the outlay proposed - Rs.55 crores.

