

INVESTMENT
OPPORTUNITIES
IN
NAGAPATTINAM DISTRICT
A REPORT

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A.M. SWAMINATHAN

CHAPTER 1

INTRODUCTION

- 1.1 Till about the 1970s Nagapattinam district was a moderately developed one. It lies in the Cauvery delta area and, with plenty of water, farmers raised two or even three crops per year. There were no mechanized boats and fishermen on country crafts were thriving. Nagapattinam harbour handled both passenger and cargo ships. However, all these changed in the last three decades.
- 1.2 With the implementation of the Land Ceiling Act and fragmentation of the holdings, followed by partitions over two generations, the number of marginal and small farmers increased and most of the holdings became totally unviable. The Cauvery releases by Karnataka were much below the requirements and in one or two years, no crops could be raised at all. The protest by the environmentalists about the aquaculture farms resulted in hostility among two groups of farmers. Some of these farms seriously damaged the water table. Large number of mechanized fishing boats are being operated and the catches have been declining over the last few years. Stricter pollution control norms and local opposition to chemical units in general ensured that no new chemical units were to be put up in this area. The near closure of the Nagapattinam harbour and the railway system for about 10 years added to the woes of the public in general and industries in particular. The tsunami of 2004 was a cruel shock and the district is yet to recover from the same.

1.3 The various relief Agencies assisted the people in recovering from the tsunami damage. The UN Agencies rendered valuable service in relief and rehabilitation. Now the stage has come when efforts have to be taken to generate sustainable long term income sources for the affected poor people. In this context the Project “Building Community Resilience to industrial disasters through partnership” is implemented by UNESCAP, which aims to identify self-sustaining alternatives that, inter alia, have the potential to attract private investment and are capable of generating gainful employment to the community members especially the poor. Against this background this study is attempted to identify possible industrial projects that could be put up in Nagapattinam district to attain in short to medium term the above objective. The study was taken during the period February and March 2008.

CHAPTER 2

NAGAPATTINAM DISTRICT – AN OVERVIEW

2.1 GEOGRAPHICAL LOCATION OF THE DISTRICT :

Nagapattinam District lies on the East Coast of Tamilnadu. It is bounded by Thanjavur District and Thiruvarur District on the West, Cuddalore District on the North and the Bay of Bengal on the South and the East.

The District lies between 10.25° and 11.4° North Latitude and 76.49° and 80.01° East Longitude. The general geological formation of the District is plain coastal. Cauvery and its tributaries are the principal rivers. The District occupies a major portion of the Cauvery river delta consisting of narrow strips of wet lands split by various rivers and channels. The coastal land is generally plain except for a few sand dunes. Apart from these, the Vedaranyam Salt Swamp (the largest Swamp in Tamilnadu) also lies in this District. There are no hills in this District. The total geographical area of the District is 3,536.38 Sq.Kms. (2.08% of the State area)

2.2 POPULATION:

As per the 2001 Census, the total population of the District was 14,88,839, which is 2.39% of the State population. In this district there are 7,39,074 males and 7,49,765 females indicating a sex ratio of 1014. The various parameters of the district population in the context of Tamilnadu State's population are exhibited in the table¹ below:

¹ Directorate of Census Operations – Primary Census Abstract – Census 2001.

Parameter	NAGAPATTINAM - TOTAL				TAMILNADU - TOTAL			
	Total	Male	Female	%age	Total	Male	Female	%age
Population	1488839	739074	749765	100	62405679	31400909	31004770	100
Scheduled Castes	441231	219933	221298	29.64	11857504	5932925	5924579	19
Scheduled Tribes	3420	1734	1686	0.23	651321	328917	322404	1.04
Literates	996580	548142	448438	76.34	40524545	22809662	17714883	73.45
Workers	586734	410135	176599	39.41	27878282	18100397	9777885	44.67
Main Workers	468754	350045	118709	31.48	23757783	16303310	7454473	38.07
Main Cultivators	61426	51307	10119	13.10	4738819	3107543	1631276	19.95
Main Agricultural labourers	219427	138221	81206	46.81	6062786	3273642	2789144	25.52
Main Workers in household industries	8425	5224	3201	1.80	1261059	594025	667034	5.31
Main other Workers	179476	155293	24183	38.29	11695119	9328100	2367019	49.23
Marginal Workers	117980	60090	57890	7.92	4120499	1797087	2323412	15
Marginal Cultivators	10584	5632	4952	8.97	377220	154946	222274	9.15
Marginal Agricultural labourers	89341	42371	46970	75.73	2574844	982718	1592126	62.49
Marginal Workers in Household industries	3035	1170	1865	2.57	238702	54564	184138	5.79
Marginal other Workers	15020	10917	4103	12.73	929733	604859	324874	22.56
Non-Workers	902105	328939	573166	60.59	34527397	13300512	21226885	55.33
Households			343613				14665983	

Note: Total population is divided into Main Workers, Marginal Workers and Non-workers. Main workers are employed in a particular occupation throughout the year. The Marginal workers are employed only during a part of the year in the same or different occupations. Cultivators own the land and agricultural labourers work in other people's land. Categories of work are divided as agricultural, industrial, household and others. Non-workers are not wage earners.

The mid year estimate² of the District Population (2004) is 15,26,000 of which 77.8% is rural (State 55.9%). The population density is 548.

It may be seen that the literate population in the District is more than the State average. Similarly, the percentage of Scheduled Castes and Scheduled Tribes in the District is nearly 10% more than the State average. The predominant occupation of the population is Agriculture followed by Fisheries.

2.3 CLIMATE AND RAINFALL:

The average maximum temperature of the District, as a whole, is 32.46°C and the average minimum temperature is 24.75°C. The main monsoon, the North East monsoon (October to December) contributes about 60% of the total annual rainfall. The second one viz., the South West monsoon (June to September) contributes about 20% of the total annual rainfall. The summer rains account for the rest of the rainfall. The total average rainfall for the District³ is 1341.7 mm (2006).

The District is prone to cyclonic storms during the North East monsoon season. Once in three or four years, these storms bring very heavy rains with violent winds and affect the crops severely.

2.4 AGRICULTURE:

The total geographical area of the District is 3536.38 Sq.Kms. The cropped area accounts for 65.53% of that area. 74.5% of the agricultural holdings are less than 1 ha. The Forest cover is very minimum accounting for only 1.31% of the total area. The district has 10,054 ha of waterlogged lands and 11,047 ha of land totally affected by salinity⁴. Paddy is the main crop of the District and depending on water availability and other factors, the farmers grow two crops viz., Kuruvai and Thaladi (both short term) or Samba (long term) crops. Other cereal crops like Kambu, Raghi, Cholan, etc., account for a very small area only. Similarly, some pulses like Red gram, Green gram and Black

² Statistical Hand book of Tamilnadu 2006

³ Statistical Handbook of Tamil Nadu 2006

⁴ National Remote Sensing Agency Study

gram are grown in small bits of land. Among the commercial crops, Cotton, Groundnut, Gingelly and Coconut are grown in many parts of the District. The following table⁵ shows the normal acreage of cultivation of the above crops.

Sl.No.	Name of the Crop	Normal Area in Hectare
1	RICE	154945
2	SUGARCANE	8824
3	COTTON	650
4	GROUNDNUT	5820
5	GINGELLY	2950
6	GREENGRAM	17130
7	BLACKGRAM	48400
8	VEGETABLES	746
9	COCONUT	3116

2.5 ANIMAL HUSBANDRY AND DAIRYING:

Though this is an agricultural district, the development on the Animal Husbandry sector is not impressive. The population of cattle is 3.26 lakh accounting for 2.8% of the State total. The dairy animal population consists of 292,335 cows and 56,666 buffaloes while the plough animals account for 81,461. The milk production is about 1.3 lakh tonnes per year accounting for only 2.6% of the State production. The area available for grazing is also limited.

There are 56 Milk Producers' Co-operative Societies, most of them non-viable. Aavin, which is the State's Co-operative Milk Marketing Federation, is operating three milk collection routes in the district.

⁵ Agriculture Department Website

2.6 FISHERIES:

The District has got a total coast line of 189.9 Kms. making it one of the important Districts from the point of view of Fisheries development. The total inland fresh water spread area is 371 hectares. The estuaries and brackish water area is 2422.43 hectares. A variety of fish is available in the District though the catch is not very substantial. There are a large number of aqua culture farms in the District.

There are 60 fishing villages with a fishermen population of about 70,000. On any day about 30,000 of them are active fishermen. There are 1,463 mechanised boats and 3,859 catamarans who use 4 major and 42 minor landing centres. The annual marine fish production is estimated to be 80,000 tonnes (18% of the State production) and the annual inland fish production is estimated to be 4900 tonnes (14% of the State production)⁶.

2.7 HORTICULTURE:

The fruits and vegetables are the main horticultural crops cultivated in the District in an area of about 3,143 hectares. The main fruits are Mango and Plantain, Vegetables belonging to the country varieties are also grown. There are no large scale farms.

2.8 INDUSTRIES:

There are only three large scale industrial units and six medium scale units in the District. The large ones produce power, chemicals and petroleum products. The medium scale units produce a variety of light engineering and household articles. There are more than 4,000 registered small scale units in the District. But, many of them are very small. There are some cottage units producing cane, bamboo and coir products. The industry density of the District is 1.7 as compared to the State density of 3.2.

The topic of industrial development (existing and potential) is covered in greater detail in Chapter 3.

2.9 EDUCATION:

⁶ Fisheries Department

The categories of school level number of Educational Institutions in the District are shown in the Table below:

Sl.No.	Category	Government	Others	Total
1	Higher Secondary School	33	46	79
2	High School	51	32	83
3	Middle School	1	184	185
4	Primary School	2	888	890
5	Total	87	1150	1237

There are 8 Arts and Science Colleges, 4 Polytechnics, 11 ITIs and 2 Engineering Colleges in the District.

2.10 HEALTH SERVICES:

There is one District Head Quarters Hospital and 11 Government Hospitals with total bed strength of 919. Further, there are 43 Primary Health Centres with a combined bed strength of 270 beds. Apart from these, there are a number of private hospitals also.

2.11 TRANSPORT:

The present road structures⁷ in the District consist of 193.100 Kms. of National Highways, 283.420 Kms. of State Highways and 741.835 Kms. of other District roads apart from Village roads. There are no coastal or inland water transport services.

2.12 POWER:

The District is served by the Tamil Nadu Electricity Board with 36 sub-stations. The Board does not have a power generation plant in the District. However, there is one 330 MW Private power generation plant at Pillaiperumanallur. There are no plants producing power through Non-conventional Energy Sources.

⁷ Directorate of Statistics, Chennai

2.13 COMMUNICATIONS:

There are 34 Post Offices in the District⁸. All the major telecom service providers provide telephone and cellular phone services throughout the District.

2.14 PORT:

Nagapattinam Port is classified as a minor Port and as such maintained by Tamilnadu Maritime Board of the State Government. This Port was severely damaged by the Tsunami in the year 2003. It is being restored and modernised with the assistance from the Asian Development Bank. It handles mainly Crude Oil, Edible Oil, (Imports) and Naphtha (Exports). In 2005-2006 it handled 42,142 tonnes of import and 12,896 tonnes of exports. The Private Sector power plant has got a small captive Port at Thirukadaiyur for handling their imports. The CPCL refinery has also got a captive oil jetty.

2.15 TOURISM:

The District has got a large number of Tourist spots both religious and recreational. Some of the famous places of worship are Velankanni Church, Nagore Durgah, Temples at Sirkali, Thirukadaiyur, Vaideeswaran Koil, Sikkal, Mayiladuthurai, Ettukkudi, etc. The nationally renowned Thirunallar Temple for Lord Saneeswara is also nearby. As regards recreational tourism, mention may be made about Point Calimere Bird Sanctuary, Poombuhar Art Galleries, Tharangampadi Fort, etc.

2.16 ADMINISTRATION:

For administrative purposes, the District is divided into 7 taluks coming under 2 revenue divisions. There are 4 municipalities, 11 panchayat unions, 9 town panchayats and 434 village panchayats. The Headquarters for all the important Departments including Revenue, Police, Judiciary, Ports, Industry, etc., are located at Nagapattinam.

⁸ Head Post Office, Nagapattinam.

CHAPTER 3

NAGAPATTINAM DISTRICT – ECONOMIC INFRASTRUCTURE

3.1 INTRODUCTION:

In Tamilnadu, Districts like Dharmapuri, Sivaganga, etc., are traditionally regarded as Backward Districts. Nagapattinam does not fall into this category. However, it has slipped into backwardness (while other districts were growing faster) due to a number of factors. Some of these are man made and some nature made. Consequently, the existing infrastructure facilities have suffered and the new initiatives could not be implemented with the desired speed. Under these circumstances, Nagapattinam is deemed to be a backward district at present with a crying need to develop agriculture and allied services, industries and infrastructure. In this Chapter, a brief look is taken at the existing economic infrastructure of the District.

3.2 TRANSPORT AND COMMUNICATIONS:

The District consists of two parts, separated in the middle by a small enclave of Karaikkal which is a Union Territory. In most cases, one has to pass through this territory to go from one part to another. The present North South Highway from Chennai – Thoothukudi has been classified as a National Highway. This stretch is also known as East Coast Road. Even earlier, it was not of very good standard and it has been damaged further by the Tsunami. However, this road is being developed to international standards with assistance from international financial institutions. When completed, this should provide faster connectivity through the District.

The present road infrastructure consist of 193.100 Kms. of Natioanl Highways, 283.420 Kms. of State Highways, 741.835 Kms. of other District roads. Urgent steps are necessary to improve the surface, shoulders and junctions of these roads, so as to

minimise accidents and enable faster transport. However, the present structure is enough to connect all the important towns in this District and the neighbouring Districts.

There are no canals suitable for inland transport in this District. Because of the rough seas and low passenger potential, coastal passenger boat service is also not possible.

The telephone and cellular services seem to be adequate. In any case, the private operators in the current highly competitive market are capable of widening and upgrading their services when the demand picks up.

3.3 POWER:

The Tamilnadu Electricity Board provides HT and LT supply to the entire District. It has got one 230 KV, twelve 110 KV, five 66 KV and eighteen 33 KV substations (a total of 36 substations) distributing power. The connected loads⁹ are:

Type	No. of consumers	Load in KV
HT	39	19,074
LT	4,69,509	3,41,510
Huts	65,845	2,643
Agriculture	43,617	1,83,513
Others	98,101	1,65,764
Total	6,77,111	7,12,504

Due to the overall shortage of power in the State, this District is also facing frequent power shutdowns.

⁹ Tamil Nadu Electricity Board

3.4 **LABOUR AND EMPLOYMENT:**

Out of the total population of 14,88,839, the working and non-working population are classified¹⁰ as follows :

Total Workers	4,66,435
Male Workers	3,51,425
Female Workers	1,15,027
Rural Workers	3,73,419
Urban Workers	53,016
Cultivators	69,078
Agricultural Labourers	3,13,174
Household Industrial Workers	9,032
Marginal Workers	1,17,875
Other Workers	19,032

As in the case of other agricultural districts in Tamilnadu, there is shortage of agricultural labour during the season and idle agricultural labour during the other periods. Fishermen also face the problem of being occupied only during the season. Other industrial workers have generally employment throughout the year.

Local enquiries reveal that a number of educated youngsters and skilled workmen have gone out of the District in search of employment and they were successful in finding suitable jobs. Some of the able bodied agricultural labourers also migrate to Kerala where the wages are higher and return to the District only once or twice for festivals and functions. In most villages, the present agricultural labour consist of only older men and family women.

¹⁰ Directorate of Census Operations – Primary Census Abstract – Census 2001.

The live register of unemployment in the District Employment Office, Nagapattinam shows a registration of 144,443 persons (technical 13,572 and non-technical 130,871). However, enquiries reveal that most of them are employed already and have registered themselves only for bettering their prospects.

3.5 TRAINEE INFRASTRUCTURE:

The District is well covered by primary and secondary schools enabling students to have free and close access to school education. Apart from this, the following Institutions of higher learning are serving the District :

<u>Sl.No.</u>	<u>Category</u>	<u>Number</u>	<u>Boys</u>	<u>Girls</u>	<u>Total</u>
(1)	Arts and Science Colleges	8	5,094	7,029	12123
(2)	Engineering Colleges	2	1,725	679	2,404
(3)	Polytechnics	4	3,153	292	3,445
(4)	I.T.Is.	11	1,813	0	1813
(5)	Pharmacy	1	164	71	235
(6)	Teacher Training	14	335	973	1,308
T O T A L		40	12,284	9,044	21,328

Many of the young men and women in the District go to the neighbouring Districts of Trichy, Thanjavur, Thiruvarur and Cuddalore for College Education and skill training where there are a large number of Institutions.

Thus it is clear that skilled workers at various levels will be available for working in the district, if suitable opportunities are created.

3.6 TOURISM AND TOURIST INFRASTRUCTURE:

Nagapattinam District has many centres of Tourist interest, both religious and recreational. There are about 50 big temples, saivite and vaishnavite. Almost all of them can be reached through motorable roads. Modest accommodation is available in about a dozen of them; the more popular ones like Thirukkadayur, Sirkali, Vaitheeswaran Koil, Mayiladuthurai, etc., have got good lodging and boarding facilities. Regular bus services are available to most of these temple towns. The Tamilnadu Tourism Development Corporation operates package tours from Chennai to cover the Navagraha temples and Chola Nattu Tiruppathigal.

The famous Velankanni Church (6 Kms. from Nagapattinam) draws lakhs of devotees throughout the year. Good boarding and lodging facilities are available here. Regular bus services, package tours and special seasonal services cater to the needs of passengers from all over the State and beyond.

The Nagore Dargah (3 kms. from Nagapattinam) lies on the main road to Karaikkal. It draws a large number of muslim devotees from all parts of India and even abroad. Modest facilities are available for pilgrims for stay. Bus facilities are very good.

The Poompuhar Tourist Centre is a modern one built to commemorate the Tamil epic Silappathikaram and the ancient port town of Poompuhar. It draws tourists from within the State. Lodging facilities here are minimal.

The Taranganbadi Fort was built by the Danish East India Company in the 18th Century. It was handed over to the British in 1845. It is a protected monument, now under the control of the State Archeology Department. Government of India has recently announced a scheme to renovate the Fort and make it a popular Tourist Centre. The town has got good road connectivity, but the lodging facilities are minimal.

While all the above centres are situated in the northern parts of the District, Point Calimere Wildlife and Bird Sanctuary is located at the southern limits of the District. It is reachable by good roads both from Nagapattinam and Thanjavur. It comprises of a large tropical dry evergreen forest. Many species of smaller wildlife including the endangered species of black buck are to be found here. The sanctuary attracts a large variety of migratory birds from distant lands including Siberia during October – January season every year. Lodging facilities consist mainly of Government tourist bungalows. This wildlife and bird sanctuary has been included in the eco-tourist circuit.

3.7 INDUSTRIAL INFRASTRUCTURE:

3.7.1 Major industrial units in the District are as follows :

(1) Cauvery Basin Refinery:

This has been set up to refine the Crude Oil found in the neighbouring Narimanam area. The original installed capacity was 0.5 million MT per annum of Crude. It was expanded later to 1.0 million MT per annum. It employs about 170 persons. Almost all of them belong to technical categories. This Public Sector Unit is languishing for want of enough crude to process. Of late, it has been processing only 0.3 million MT per annum on an average. Its finished products viz. LPG, Kerosene, Diesel, LSHS and Naptha are sold in the local market.

(2) LPG Bottling Plant:

This has been set up by Indian Oil Corporation at Kuthalam. It bottles around 3000 cylinders per day (14 Kg. and 19 Kg.). It employs 11 persons on its regular roll and 35 persons on contract basis.

(3) PPN Power Plant:

This has been set up at Thirukadaiyur by the private sector. Its capacity is to produce 330 MW of power from Gas and Naptha. It employs about 65 persons. It has been producing almost to full capacity during the last 7 years and the output is fed to the TNEB Grid.

(4) Chemplast Sanmar Salt Works:

It is situated at Vedaranyam. It manufactures Industrial Grade Salt from sea water. Its capacity is 2,00,000 MT of Salt per annum. The entire production meets the requirements for the group's caustic soda plant at Karaikal and Mettur. It employs about 1,500 full time and contract workers.

(5) Silica sand is available in plenty in this district. About 20,000 tonnes of Silica sand is exported annually by Small Scale Sodium Silicate units situated in the neighbouring Karaikkal territory.

(6) Apart from these, there is one more salt plant at Vedaranyam belonging to the Dharanghadara group. There is a medium size steel plate making unit at Kuttalam. There are three modern rice mills belonging to the Tamil Nadu Civil Supplies Corporation. One co-operative sugar mill and one co-operative Spinning Mill have been recently closed due to continuous losses. The solvent extraction plant of the FCI has also been closed due to lack of viability.

3.7.2 Small Scale Industries:

As per the last census (2003) there were 3650 registered small scale industries in the district. During the current year (2008) the quinquennial census is in progress. It is expected that the number will be more than 4000 now. However, a substantial number of them are not operating continuously due to raw material, finance and marketing constraints¹¹.

¹¹ District Industries Centre, Nagapattinam.

CHAPTER 4

POTENTIAL FOR NEW PROJECTS:

4.1 INTRODUCTION:

To assess the potential for faster industrial development of the District, it is necessary to understand the reasons for the slow development in the past and the constraints industrialists faced and are facing now in setting up and running industrial units in the District. For this purpose, many large, medium and small scale industrialists were interviewed. Most of the constraints are common to all of them, while some are peculiar to certain industries only.

4.2 COMMON CONSTRAINTS:

Industrialists were unanimous about the following constraints and handicaps:

4.2.1 Infrastructure Constraints

4.2.1.1 Lack of rail infrastructure:

Due to the slow progress of the gauge conversion scheme, most parts of the District are without train facilities for the last nearly 7 years.

4.2.1.2 Poor road infrastructure:

The roads are narrow and maintenance is poor. This slows down the traffic and causes accidents.

4.2.1.3 High Cost of transport:

Private bus operators charge higher rates than the State Transport Corporations' tariff. Omni Bus operators from Chennai charge much higher rates.

4.2.1.4 No air connectivity:

The nearest Airport at Tiruchy is about 140 Kms. from Nagapattinam.

4.2.1.5 No Port connectivity:

Nagapattinam minor port was severely damaged by the tsunami. It is being renovated and developed with the aid of the Asian Development Bank. It may take another 2 years to become fully operational. However, in the light of reports about the nearby Karaikkal being developed by the private sector, the future of Nagapattinam is rather uncertain.

4.2.1.6 Power Problems:

Availability of adequate and continuous power supply is likely to be achieved only after 3-5 years. Today, industrial consumers face frequent power failures. Further, power supplied by TNEB costs Rs.5/- per unit while it costs only Rs.2/- per unit in the neighbouring Karaikkal (being an Union Territory, the Government of India gives a higher subsidy).

4.2.1.7 Raw material availability:

Except salt, there is no significant availability of industrial raw material to warrant setting up of a major or medium scale industry.

4.2.1.8 No markets:

The District GDP is less than the States' average. People below the poverty line account for 30%. Hence, markets are limited.

4.2.2 Lack of Entrepreneurship

4.2.2.1 Lack of entrepreneurship:

Because of easy availability of irrigation water and fertile soil for many centuries, the people are not very entrepreneurial. The failure of some of the industrial units in the District has made them more averse to risk.

4.2.2.2 Dependence on aid:

The ordinary people have been getting Government aid (grants and loans) almost every year on account of floods or draught. Loan waivers are becoming routine. Large amounts of money pumped in by Governments and NGOs for relief and rehabilitation of the tsunami victims (a very large percentage of the coastal population) has added to the Government dependency syndrome.

4.2.3 Skills Shortage

4.2.3.1 Lack of skilled labour:

Skilled labour and engineers coming out of the two ITIs, five polytechnics and two engineering colleges generally find employment outside the District.

4.2.3.2 Poor work ethics:

The people of the District have a laid back approach. Attendance, productivity, discipline, etc., are generally poor.

4.2.4 Policy Constraints

4.2.4.1 Nearness to Karaikal:

Karaikal (within the Union Territory of Puducherry) lies next to Nagapattinam. In this region, many attractive incentives are offered to new industrial units by the Central Government, which the State Government will not be able to match.

4.2.4.2 It is felt by local people that special incentives and concessions may have to be given to Nagapattinam District to attract entrepreneurs from outside (According to them no other District faces such a plethora of problems.)

4.3 SCOPE FOR NEW UNITS – PRELIMINARY FINDINGS:

4.3.1 The communication systems are likely to improve very soon, thanks to the ongoing work by the Railways. This will ensure that the main line from Chennai to Mayiladuthurai and Nagapattinam towards Madurai as well as the branch lines from Thanjavur to Nagore and Paralam to Karaikkal are converted to broad gauge.

On the road front, the East Coast Road is being developed fast. This will connect Chennai to the southern districts through the improved road connecting all the important towns in the District. However, the Port facilities are likely to be minimum. There is also no immediate possibility of an Airport coming in the

neighbourhood, though there are some talks about a small airport to be established at Karaikal. The power situation will take another five years or so to improve.

4.3.2 In the light of the above, there is no likelihood of any major project coming up in the District. New industrial units can be established in the small scale and cottage industries sector only. These units, which have a potential for success, may come within the broad sectors of food processing (including fish processing), dairying, small power projects, etc. Apart from these, skill upgradation projects may also be taken up.

4.4 SUGGESTIONS:

After examining the matter in depth and after consulting the experts on the field, and after taking into account the views expressed in the seminar sponsored by UNESCAP and FICCI-TNSC on the 12th March 2008, the following projects are suggested for further evaluation: -

- (1) Bio mass Power Plant.
- (2) Coir Products.
- (3) Concrete blocks.
- (4) Fish processing
- (5) Garment manufacturing.
- (6) Mini Dairying.
- (7) Rural BPOs.
- (8) Seaweed farming.
- (9) Travel Clubs.
- (10) Travel Resorts

Some preliminary details about the units suggested above are given below:

(1) Bio mass Power Plant :

This plant can produce power with bio mass available in the District including rice husk, Julie flora and other similar plants. A 5 MW plant will cost about Rs.30 Crore. The technical know how will be given by AREVA, the French power giant. This can employ about 50 persons.

(2) Coir Products :

The District has got a large number of coconut trees. Much of the husk is exported to other districts for various uses. For value addition locally, a coir fibre and pith unit may be established here. The fibre may be used for manufacture of ropes, mats, carpets, etc. The pith, which is a bye-product, can also be used as a growing and rooting media for horticulture and floriculture plants.

(3) Concrete Blocks :

A lot of building activity is going on in this district. Many substitutes for traditional bricks have been found. Concrete building blocks developed by Vaigai Constructions are finding acceptance with the local people. Hence, a small unit may be started at a cost of about Rs.4.75 lakhs; after its success is assured, more such units may be set up at different localities in the district.

(4) Fisheries:

It is reported that though the fishermen of the district get large catches, they are not getting the optimum price from the merchants who buy the fish and transport them to various markets in India and abroad. In the past various suggestions had been made to solve the issue like establishment of a freezing plant, establishment of cold storages, fishermen co-operatives, putting up auction halls, etc.

As regards freezing plants, they involve very huge capital expenditure, highly skilled labour, port facilities, etc. There seems to be no scope for such plants in Nagapattinam. Further, even the existing freezing plants outside the district are slowing down or closing down in the light of the environmental problems, low catches and power problems.

Again new competition by way of air cargo transport has also picked up recently. Without freezing it is now possible to export fresh fish in cold containers through air and reach the European and American destinations in about 12 to 20 hours.

As regards cold storages, many such units were put up by the Government and all of them have closed down for lack of viability. The market for fish within the State is expanding fast and the catches are not adequate to meet them. In these circumstances it is better to concentrate on skill up-gradation and improvement of the existing plant and machineries, drying facilities and auction arrangements.

The local fishermen have been supplied with a large number of mechanized boats after tsunami. These boats have got facilities for five or ten days cold storage to last one voyage. Diesel is supplied to them at a subsidized rate. We can only think of training them for better fishing skills, if any.

The landing facilities at Nagapattinam and Palayarai have been recently created. However, the recently constructed auction halls have not been put to use for more than one year due to local politics among the fishermen.

As regards drying, it is agreed that the present open air drying on dirty land is highly objectionable. However, all the solar driers put up recently are idle.. According to local enquiries, since the fish catches are immediately paid for by the traders every day and transported outside, there is no need for costly drying plants. Even where the left over fish are to be dried, the locals prefer sun drying on the sands.

However, a number of educated youngsters from the fishermen community are willing to invest in a small scale fish processing plant. They are confident of meeting the local social and political constraints. The District Administration, NABARD and the banks are expected to support of this project for which full details are yet to be drawn up.

(5) Garment manufacturing :

Garment manufacturing units employing about 20 to 25 women per unit with an investment of about Rs.40 lakhs to Rs.50 lakhs can be started. However, marketing tie

up has to be made with the units situated at places like Chennai, Tiruppur, Coimbatore, etc., which may be difficult in the current recession period. An aggressive entrepreneur can put up one or two units and sell in the local markets.

An NGO viz. NARD has produced on trial basis delivery pads for women which has sound favour with some hospitals. If suitable tie ups can be achieved, it is possible to put up a small unit with about 30 to 50 sewing machines and produce about 5,000 to 10,000 pieces per month for marketing throughout Tamilnadu.

(6) Mini Dairying

The Anand pattern of Producers Co-operatives with a chain of chilling plants attached to major dairies has undergone changes recently. The chilling plants with heavy investment and transport infrastructure have been given up due to high costs and freon gas based bulk chilling is now adopted in each locality. Due to various reasons, co-operative dairying is on the decline in the district. If Co-operative Milk Producers' Societies are revived then large scale dairying with a tie-up to the Thanjavur Union may be possible.

However, small scale dairying by local SHGs is still an attractive proposition. The local women seem to be interested in household dairying. There is a good demand for milk in Nagapattinam, Karaikkal and other towns.

(7) Rural BPO :

Rural BPO can be set up in the District to cater to the variety of needs of the rural population, besides rendering services to various IT firms. The cost for setting up a BPO with a 20 seater capacity will be about Rs.6 lakhs. It can employ about 25 persons.

(8) Seaweed farming :

Sea weed, known as Kappaphycus, is used as agent for manufacture of various varieties of gel, cosmetics and fertilizers. Pepsico, under the guidance of Industrial Salt Chemicals Research Institution, has developed the techniques for farming these sea weeds on the

eastern coast. It is learnt that such units are assisted by Pepsico in Philippines and Tanzania. The process involves construction of small rafts, seeding the rafts on the land, putting rafts to the sea, harvesting the weeds and after maturation, bringing them to land, drying them and grading them. The entire output will be purchased by Pepsico.

(9) Travel Clubs :

One Travel Club may be set up at Nagapattinam to cater to the needs of religious and recreational tourism. The club can collect and update all information about the places of tourism interest, communication facilities, boarding and lodging arrangement, etc. It can train persons as Tourist Guide and arrange for guided tours. It can work in cooperation with the State and Private tourism agencies. Its employment potential will be about 10.

(10) Travel Resorts:

There are a number of places of tourist importance in the district. The private sector may be encouraged to put up resort accommodation to cater to the different categories of tourists. (This is an ideal field for public-private partnership). In the process, some of the old houses in these localities may get renovated and promoted as heritage resorts.

Project Profiles

Of the above list, Fisheries and Travel Resorts projects require further study and investigation before project profiles can be prepared. For the other projects, short project profiles have been prepared, the details of which may be found in the Annexures.

CHAPTER 5

CONCLUSIONS

- 5.1 The Government of Tamil Nadu announced a new industrial policy in November 2007. This policy sets ambitious targets of job generation viz. additional 2 Million jobs in the next four years. It gives thrust for infrastructure development and public private partnership initiatives. It spells out the need for skills up-gradation and industry-institute collaborative efforts. While being cautious about the adverse side effects of chemical industries, it also offers incentives for creation of effluent treatment and hazardous waste disposal facilities. It also gives a thrust to agri-processing industries and bio-fuels.
- 5.2 The Government announced in February 2008 its new policy on Medium and Small Scale Industries. It promises all governmental help for the development of Medium and Small Scale Industries and enterprises. There are 5.30 lakhs registered units in this category in Tamil Nadu as on 31st March 2007 which employ 37 lakhs workers. There seems to be thousands of unregistered service sector units also. As per the new policy, all new units under this category are eligible for 15% capital subsidy on plant and machinery and LT power supply at a flat rate of 20% for the first 36 months. They are also eligible for subsidies equal to the amount of VAT paid by them for the first six years and exemption on stamp duty for registration of documents. Again many schemes for skills training with 50% reimbursement of tuition fees, hostel fees, etc. have been announced. Skills training programmes may also be run by the Industries Associations and

Educational Institutions, which will qualify for various subsidies. Common application forms, single window clearance, self-certification, marketing support, concessional credit, etc. have also been announced.

5.3 In addition, Keelaiyur, Keevalur, Kuttalam, Kollidam, Sembanarkoil and Vedaranyam blocks of Nagapattinam District have been declared as industrially backward areas. This will enable the new units put up in these blocks to get more concessions and subsidies. With suitable initiatives being taken up by the District administration, industries associations, NGOs and entrepreneurs it is possible to put up some new industrial units (including the ones suggested in the study) in Nagapattinam district in the light of the above two policy pronouncements. Further, the private sector is taking initiatives in organic farming (both agricultural and horticultural crops) which will provide jobs for hundreds of people. Thus, the future looks bright indeed.



ANNEXURE-1

BIOMASS BASED POWER PLANT

There is a serious power shortage in the country. Many mega projects have been sanctioned by Government of India and State Governments to increase the supply of power. All of them are heavily capital intensive and have long gestation periods. Moreover, they are likely to have serious adverse impact on the environment. In this context Biomass based Power Plants appear to be attractive alternatives, though limited in scope. The technology has been developed by Multi National Companies and many eco-friendly biomass based projects are in operation in many countries.

M/s. AREVA Renewable Energies India (P) Ltd. is an internationally famous power producer, which has developed a technology for production of power from the biomass available locally in India. They have put up a plant of 10 MW capacity in Tirunelveli district and two more plants in North India. Discussions were held with this company about the prospects of Nagapattinam district. They have indicated their willingness to collaborate with any local entrepreneur to set up a biomass based power plant of 5 MW capacity.

20% of the geographic area of Nagapattinam district is barren land. At least a portion of the same can be utilised to grow plants like Julie flora, which are ideal raw material for such projects. Apart from this, the project can use the locally available paddy straw, paddy husk and coconut husk as alternative raw materials that can be procured locally and from the neighbouring districts.

The 5 MW Plant will require about 10 acres of land of which 3.5 acres should be set up for greenery. The project will cost approximately Rs.30 Crores and can be put up in about one year's time with the technical collaboration of M/s. AREVA Renewable Energies India (P) Ltd.

This project has got the twin advantages of using the agriculture waste to generate power and to use fallow lands to grow plants for bio fuels. It is environmental friendly and local labour can be recruited to run the plant.

BIOMASS BASED POWER PLANT

Plant capacity	5000 KW
Generating voltage	11 KV
Internal power consumption for the plant	600 KW
Export to TNEB grid	4400 KW

Cost of the Project:

Project cost	Rs.30 Cr.
(to be executed by M/s. AREVA Renewable Energies India (P) Ltd.	

Means of Finance:

Term Loan	Rs.21.00 Cr.
Promoter's contribution & subsidies	Rs. 9.00 Cr.

The loan can be raised at an interest rate of 11.5% p.a. payable in 8 annual instalments without any moratorium.

Assumptions:

Plant load factor	90%
Fuel cost	Rs.800 per Tonne with 2% escalation per year
Fuel consumption per KWH	Rs.1.20 / Kg.
O & M cost	3% of the capital cost with 2% escalation per year.
Interest rate for Working Capital	12% p.a.
Total units generated	39.4 Million per year
Total units exported	35.1 Million per year
Generation cost	Rs.2.52 per unit
Sale price to TNEB	Rs.3.15 per unit

The project will start generating profit from the third year onwards and the cumulative profit at the end of 10 years is likely to be of the order of Rs.35 Crores after taxes.

COIR PRODUCTS

Coir industry can provide very good employment opportunities for the people in Rural India. As the basic raw material is coconut fibre, the investment cost is less in this Industry. The main places where this industry is in vogue is Kerela and Tamil Nadu. In Tamil Nadu coir units are in operation in Salem, Erode, Dindigul, Coimbatore, Vellore, Thanvajar and Kanyakumari Districts.

Now the Government of India has allotted Rs.243 crores through Coir Board, for the development of this Industry. The main product that can be manufactured from Fibre is Coir rope. Besides the rope, other products like Mat, Foam Bed, etc. can also be manufactured. The pith generated from fiber can also be converted into saleable products.

The technology can be availed of from Coir Board. Training is also given by the Coir Board.

The places suitable for establishment of coir units in the district are Naaluedapathi, Periyakuthagai, Pushpavanam, Vellapallam where there are sizeable coconut plantations. Establishment of a cluster on the lines of Singampunari can be considered in the area. The important markets in Tamil Nadu are Singampunari, Salem, Pollachi and Pattukottai.

Coir spinning units can be established in the district as a household industry. The entire production will be absorbed by the Coir Board. An entrepreneur, Co-op. Society or a Self Help Group can engage in the activity.

Further, the bye-product of coir pith may be processed to be used as growing media and rooting media for horticulture and floriculture plants. The technology for this is provided by the Universal Electro Hydraulics of Coimbatore.

Cost of the Project

Sl.No.	Item	(Rs. in lakhs)
1	Machinery	1.05
2	Tools & Accessories	0.20
3	Work shed	0.60
4	Working Capital margin	0.15
	Total	2.00

Means of Finance

	(Rs. in lakhs)
Government subsidy 40%	: 0.80
Term Loan	: 1.00
Promoter's contribution	: 0.20
Total	: 2.00

Operating cost

	(Rs. in lakhs)
Raw material	: 1.15
Salary & wages	: 0.60
Admn. & Misc. expenses	: 0.25
Interest	: 0.13
Total	: 2.13

Revenue

Sales realisation per day (50 Kg. @ Rs.25/- per Kg.	: Rs.1250/-
Sales realisation per annum (250 days)	: Rs.3.13 lakhs

Income generation	Rs.1.00 lakhs
Repayment of Term Loan per annum	Rs.0.35 lakhs
Net generation per annum	Rs.0.65 lakhs

Employment Potential **10**

CONCRETE BLOCK MANUFACTURING

Construction activities are going on in a very big way throughout the country. Demand is growing for all types of construction materials. There is continuous search for cost effective building materials and technology. “Concrete Blocks” are one such cost effective building material. The various advantages of concrete blocks are uniformity in size, easy and fast construction, durability and performance. Walls built with these blocks require less cement than brick ones. Natural demand and the ongoing rehabilitation activities in the district offer good market for concrete blocks manufacturing. The industry is identified as one of the suitable sectors for development in rural areas because of simple technology and large employment potential for unskilled persons both men and women.

Vaigai Constructions, a unit based in Madurai, is one of the established players in the field. The company has demonstrated the potentials for establishing a concrete block manufacturing unit in Nagapattinam district. They can extend technical assistance for a local entrepreneur to put up a Concrete Block manufacturing unit. This unit can manufacture cavity blocks, solid blocks, load bearing heavy blocks, light blocks, etc.

Such an unit can be put up on a one acre site in an area where there is good demand. Apart from technical assistance, the above company is willing to supply the required machinery also. LAFTI, an NGO which is constructing houses for agricultural labourers is willing to take up such projects provided some financial assistance from the Central and State Governments is made available.

CONCRETE BLOCK MANUFACTURING

Cost of the Project

		(Rs. in lakhs)
Land	:	0.50
Building	:	2.00
Machinery	:	2.00
Working Capital margin	:	0.25
Total cost of the project	:	4.75

Means of finance

Promoter's contribution	:	1.25
Subsidy @ 15% on plant & machinery	:	0.30
Term Loan	:	3.20
Total Means of finance	:	4.75

Operating Cost

(for production of 1000 Nos. of 8" blocks per day for 300 days)		
Raw material	:	49.80
Labour	:	3.30
Power	:	0.60
Financial costs	:	10.30
Total		64.00

Revenue

Selling price @ Rs.22/- each	:	66.00
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Income generation

Repayment of Term Loan per annum	Rs.2.00 lakhs
Net generation per annum	Rs.1.00 lakh

Employment potential

25

GARMENT UNIT

The demographic profile of about 60% of the population in the age category of 15 to 40, increased earnings and purchasing power contributes to the demand of the garment industry. The focus is also shifting from export to domestic market and all established players in the textile industry like Arvind, Madura Garments, Royal Classic Mills, etc. are establishing their own retail outlets across the country. The spread of retail industry and the involvement of Corporate groups in setting up retail chains across the country have contributed to the increased market for clothing, especially garments. There is high employment potential in the industry for unskilled workers especially women. Hence, the Governments, both Central and State, are promoting and subsidizing the industry by launching of schemes like the Technology Upgradation Fund, Focus Products Scheme, etc.

Though there are clusters like Tiruppur in Tamil Nadu and Ludhiana in Punjab, the garment industry is slowly spreading to other places. In Tamil Nadu, Madurai is emerging as an important destination and there are initiatives taking place in the nearby Tiruchirapalli also. Development Promotion Group, a Chennai based NGO, is running a small garment training centre in Velankanni town of the district. The Ministry of Panchayat Raj under the Rural Business Hub Scheme has started a small garment unit in Mayiladuthurai town. Setting up of one unit will have contagion effect and will lead to establishment of more such units.

A garment unit to manufacture about 1,20,000 pieces per annum can be established. The district itself offers enough market due to the large number of youth population and the changing dress habits. A tie-up with leading player like Royal Classic Mills of Tiruppur, who are focussing on domestic market will be of help. Besides imparting design and technical skills the company will also help in sale of the finished products.

GARMENT UNIT PROJECT

Cost of the Project:

The cost of the Scheme is estimated at Rs.200 Lakhs as under: (Rs. in lacs)

Building	60.00
Plant & Machinery	120.00
Margin Money for working capital	10.00
Contingencies	10.00
TOTAL	200.00

Means of Financing:

The means of financing the project cost are as under:

Term Loan	132.00
15% Subsidy on plant & machinery	18.00
Promoter's contribution	50.00
TOTAL	200.00

Operating cost

	(Rs. in lacs)
Raw material	: 60.00
Salary and wages	: 12.00
Electricity	: 6.00
Admn. Expenses	: 6.00
Selling & Misc. expenses	3.00
Interest on Term Loan / Working Capital	: 2.00
Total	: 89.00

Revenue

1,20,000 pcs. at an average selling price of Rs.100/- per piece. **Rs.120.00 lakhs**

Income generation per annum **Rs.31.00 lakhs**
Repayment of Term Loan per annum **Rs.20.00 lakhs**
Net generation per annum **Rs.11.00 lakhs**

Employment potential **100**

MINI DAIRY PROJECT

There are about 1000 Self Help Groups are functioning in the district. Dairying is a natural occupation for a rural woman. The Government of India is extending a subsidy of 50% per cow. The maximum subsidy permitted to a Self Help Group is restricted to Rs.1,25,000/-. Banks lend to the dairy units on a priority basis at an interest rate of 10%. As in many other places, there is unlimited demand for milk and other dairy products in the district and marketing is assured. The Co-operative Societies like Karaikkal Ammayar Dairy Federation have arrangements to procure the milk directly from the Self Help Groups by sending their own transportation.

Hence it is suggested that an existing Women's Help Group which has got an aptitude for dairying may be selected to implement the scheme. Each member may be given four cows to maintain (to be financed by the members' contribution, loan and subsidy). The Animal Husbandry and Dairy Development Departments may take special steps to make dry and green feed available to them. The milk may be brought to a nearby road site from where the Federation will transport it to the Dairy. Veterinary services will be given free of cost to the animals. Animal purchase and sales decision will be implemented by the SHG in such a way that only lactating cows are maintained.

Cost of the Project

Cost per cow	Rs.10,000/-
No. of members of SHG	10
Cows per member	4
Total cost of 40 cows # Rs.10,000/- each	Rs.4,00,000/-
Cost of common shed and other basic infrastructure	Rs.1,00,000/-

Means of Finance

	(Rs. in lakhs)
Group contribution	1.00
Subsidy	1.25
Term Loan	2.75
TOTAL	5.00

Operating Cost

	(Rs. in lakhs)
Cost of fodder @ Rs.6000/- per cow per annum	2.40
Cost of medicines / insurance per annum	1.00
Other expenses	0.24
Interest	0.20
TOTAL	3.84

Revenue Generation

Yield per cow per day	6 Ltr.
Total yield per day 40 X 6 Ltr.	240 Ltr.
Yield per annum (190 days)	43,680 Ltr.
Selling price @ Rs.12/- per Ltr.	Rs.5.24 lacs

Income generation

Income generation	Rs.1.40 lakhs
Repayment of Term Loan per annum	Rs.0.50 lakhs
Net generation per annum	Rs.0.90 lakhs

Employment potential**10**

RURAL BPO

In the last 10 to 15 years, the Indian IT industry has made its mark in the national and international scene. Industries cutting across various sectors and even agriculture and other allied industries have started recognising the effectiveness of IT as a tool to improve efficiency and profitability. As an offshoot of this, outsourcing of non-core services like Human Resources Management, Payroll, accounting, Market research, etc. are taking place on a large scale. This has opened up opportunities for educated skilled workers. Companies are going a long way to tap the talent available in tier-II or tier-III cities. The financial institutions, banks and the insurance companies are setting up centres in rural areas popularly called Rural BPOs to do routine processing work. Satyam Computers Ltd., one of the largest IT companies in India, is promoting this type of projects especially in semi-urban and rural areas. Such BPOs are operational in many rural districts of Karnataka.

There is scope for setting up such small Rural BPOs in Nagapattinam where a good number of educational institutions exist. An NGO, Phoenix Federation Trust, in Nagapattinam, is already imparting training in basic IT and communication skills preparing manpower for operating BPOs. A 20 seater BPO unit can be established in the district. Phoenix Federation Trust is having association with Tata AIG Insurance as Channel Partner as well as a franchisee to market Tally business solutions. There is scope for tie-up with Tata AIG Insurance for claims processing as well as customer management.

RURAL BPO WITH 20 SEATER CAPACITY

Cost of the Project:

	(Rs. in lakhs)	
12 Personal computers @ Rs.25,000/- each	:	3.00
2 Servers @Rs.37,500/- each	:	0.75
Furniture and fittings (including electrical installation)	:	1.00
Telephone and internet connections	:	0.50
Contingencies		0.50
Working Capital margin	:	0.25
Total	:	6.00

Means of finance:

Promoter's contribution	:	1.50
Term Loan	:	4.00
Working capital loan	:	0.50
Total	:	6.00

Operating cost

Rent	:	1.20
Salary and wages - for 25 persons app. Rs.4000/-/person	:	12.00
Support staff - 5 x 3000 / person	:	1.80
Electricity	:	1.80
Telephone	:	2.40
Miscellaneous expenses	:	1.20
Interest on Term Loan / Working Capital	:	0.60
Total	:	21.00

Revenue

Service charges for transaction processing on an average of	:	
Rs.10,000/- per seat per month		24.00

Income generation	Rs.3.00 lakhs
Repayment of Term Loan per annum	Rs.1.50 lakhs
Net generation per annum	Rs.1.50 lakhs

Employment potential **25 Persons.**

SEAWEED PROJECT

There is a feeling that there is over exploitation of the sea by fishermen in Nagapattinam. Too many mechanised boats are operating in this area. The fishermen are not able to go to sea on a number of occasions due to adverse seasonal conditions. In this context seaweed cultivation as an alternative or supplemental occupation can be considered.

Many types of seaweeds can be grown along the coastline. Apart from an increasing the local market share, many companies are willing to buy the entire product for export provided quality, packing standards and timeliness are adhered to.

In this context, discussions were held with M/s. Pepsico International, who are interested in buying and exporting various types of seaweeds. They have identified a weed by name Kappaphycus (seeds of which would be supplied the company), which can be grown in Nagapattinam area and for which there is a heavy demand. This weed, after processing, is used for manufacture of tooth paste, ice creams, cosmetics and gels. It is grown in large areas only in Philippines where Pepsico is operating. Now it has been introduced in Ramanathapuram and Thoothukkudi districts also.

It is felt that cultivation of this weed can be encouraged to be undertaken by the fishermen in Nagapattinam. The Fisheries Department or a local NGO can be requested to select enterprising fishermen who would like to undertake this new activity. Under the overall guidance of Pepsico the fishermen can be trained in seaweed cultivation by local NGO, who is familiar with their way of life. There will be no marketing problems since Pepsico is willing to buy back the entire production offered by the fishermen.

SEAWEED PROJECT

The project will be implemented by individual families with 90 rafts each.

Cost of the Project

Cost of 90 rafts @ Rs.800/- each	Rs.72,000/-
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Means of finance

Bank Loan	Rs.36,000/-
Government subsidy	Rs.36,000/-

Revenue

Quantity of seaweed processed per day	40 Kg.
Sales revenue per day @ Rs.12/- per Kg.	Rs.480/-
Revenue per month	Rs.14,400/-
Monthly repayment (18 months)	Rs.2,500/-
Monthly income for the family	Rs.11,900/-

Due to adverse seasonal conditions and other factors it is expected that this project can be worked only for about eight months every year.

TRAVEL CLUB

Tourism is viewed as an important service activity and foreign exchange earner. The Central Government is marketing India in a very big way and a systematic campaign “INCREDIBLE INDIA” is going on a large scale both in electronic and print media. Many States like Kerala with campaign theme as “GOD’S OWN COUNTRY” and Karnataka as “MANY NATIONS ONE STATE” are vigorously wooing both foreign and domestic tourists. Tamil Nadu is also promoting tourism and many annual events like the dance festival in Mahabalipuram, Chennai Sangamam, etc. are conducted annually. Heritage Tourism is picking up and places like Karaikkudi in Sivaganga District have become important tourist destinations.

Nagapattinam has many places of tourism interest in the sectors like religion, recreation, ecology, history, archaeology, etc. It is estimated that job creation in Tourism Industry is thrice per unit of investment in any other industry. The Institutions in the area like Cauvery Delta Research Association are offering courses in Tourism Management. Growth of Tourism will also promote investment in other areas like hospitality industry, transport, etc. besides providing marketing opportunities to the unique products manufactured in the district. It is suggested that a Nagapattinam Travel Club like the one functioning in Madurai can be established to market the district. Online marketing is emerging as an important marketing tool and a website by name Nagapattinam.com with all important information about the district can be launched. The project can be taken up under the Public Private Partnership model with the State and Chambers of Commerce as stakeholders since its benefits will be shared by the various sections of the society.

The direct employment potential for such a club will be limited. However, its spin off effect will be great. When more tourists visit the district as a result of the Travel Club’s efforts, many persons will find jobs as guides, drivers, souvenir sellers, etc. and as employees of hotels, restaurants, etc.

Cost of the Project:

	(Rs. in lakhs)
5 Personal computers @ Rs.25,000/- each	: 1.25
Furniture and fittings (including electrical appliances)	: 0.50
Telephone and internet connections	: 0.25
Cost of designing and launching Nagapattinam.com	: 1.00
Contingencies	: 1.00
Total	: 4.00

Means of finance:

	(Rs. in lakhs)
Government grant (State & Central)	: 2.00
Sponsorship from Tourism and Travel Companies	: 1.00
Contribution by local trade and industry Associations	: 1.00
Total	: 4.00

Operating cost

	(Rs. in lakhs)
Salary and wages - for 4 persons app. Rs.5000/-/person	: 2.40
Rent	: 0.60
Electricity	: 0.60
Telephone	: 0.60
Other expenses	: 1.80
Total	: 6.00

Revenue:

The Travel Club can organise at least two events per year inviting participation from other States, tourism and travel companies. Sponsorship from Department of Tourism of the Central and State Governments and media houses can also be invited. A surplus of Rs.6 lakhs from the events per annum will meet the operating cost.

At least two / three seminars on Tourism can be organised to supplement the income of the Club.

A major festival in the district can be identified and annual celebrations can be organised as one of the tools to generate income.

TOURIST RESORTS

Government of India have recently announced a scheme under which they will grant a subsidy of Rs.25 lakhs for putting up budget hotels in Tier-II towns of tourist importance. Nagapattinam district has got many towns like Mayiladuthurai, Sirkazhi, Vedaranyam, etc. where such hotels can be put up.

Apart from this, it is possible to combine religious tourism with cultural tourism, spiritual tourism, etc. for creation of tourists infrastructure in certain towns in the district. Certain temples are noted for excellence in their sculptures and for observance of certain rituals. M/s. Sterling Resorts, a private company running resorts in tourist centres, are exploring the possibilities of taking over some old houses in these temple towns and creating modern amenities without disturbing their essential structure. The services offered in these houses will not only be boarding and lodging but also arrangements for homams, pariharams, special poojas, etc. It is also possible to arrange for lecture demonstrations on temple arts.

Many of the temple towns in this district like Thirumananjeri, Thirukkadaiyur, Vedaranyam and Thirunallar (Karaikkal) attract large number of devotees from abroad for short stays to undertake some ritual or the other. These resorts will have special programmes for them also.

This project deserves the support of the Government as well as the local public. This will create some additional employment opportunities also.

It is not possible to estimate the cost of the project at this stage.

ANNEXURE-2

List of persons contacted**I. Officials****Nagappattinam**

Collector
 Project Officer, DRDA
 District Revenue Officer (Tsunami)
 Asst. Director of Agriculture
 Joint Director of Animal Husbandry
 Joint Director of Industries
 Joint Director of Agriculture
 Asst. Director of Fisheries
 Asst. General Manager, NABARD
 Regional Manager, Indian Overseas Bank
 Senior Manager, Indian Bank

Chennai

Commissioner of Industries
 Commissioner of Revenue Administration
 Asst. Director of Industries
 Officer on Special Duty, Tsunami
 Special Secretary, Finance Department
 Director of Animal Husbandry
 Joint Director / M.D. of Fisheries Corporation
 Commissioner of Fisheries
 A.D.B. Consultant on Fisheries
 Commissioner of Tourism
 General Manager, TIDCO
 Dy. Director General, National Informatics Centre
 Manager (Milk Production), Aavin Dairy

II. Industrialists**Nagappattinam**

Mr. C. Ramesh, AREVA
 Mr. M. Shanmugam, PEPSICO
 Mr. K. Aalone, VAIGAI
 Mr. Pon Palanivel, Chamber of Commerce
 Mr. N. Baskar, SSI Association
 Mr. V. Ramachandran, Velavan Industries
 Mr. R. Rajappa, (Kumarappa)
 Mr. V. Raman, Base Computers
 Ms. K. Seethalakshmi, Phoenix

Chennai

Mr. B. Obul Reddy, PPN Power Project
Mr. S. Narayanan, PPN Power Project
Mr. N. Krishnamurthy, Sanmar Group
Mr. N.S. Mohan, Sanmar Group
Mr. V. Kalaivanan, CPCL Refinery
Mr. I. Panikkar, Chemical Industries Association
Mr. A.J. Attanathi, CETEX

III. Non-officials**Nagappattinam**

Ms. Annie George
Mr. T. Murugayyan
Mr. B. Ramanan
Mr. G. Thiruarulselvan
Mr. K. Subramanian

Chennai

Mr. S. Venugopal
Mr. Suresh Mariaaselvam
Mr. J. Rajagopalan

ANNEXURE-3

Contact Persons for suggested industries

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Coir

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General

Mr. Rajeev Ranjan, I.A.S.
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Nagappattinam 611001

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