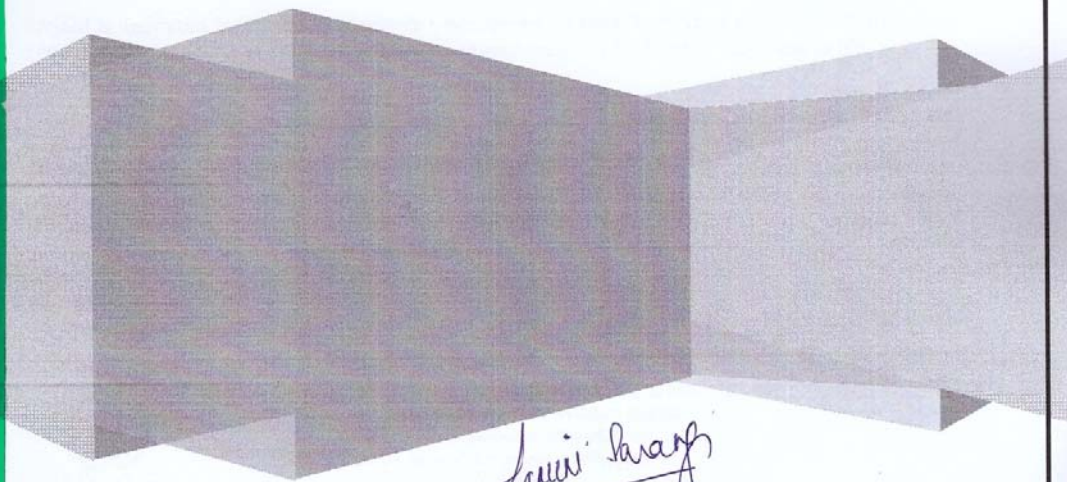


**Detailed Project Report for Modernization and
Expansion of Spice Processing Unit of
Kandhamal Apex Spices Association for Marketing
(KASAM)**



Jasmi Prasad
Collector & Dist. Magistrate,
Kandhamal, Phulbani

Debabrata
Dist. Director of Horticulture
Kandhamal, Phulbani

CHAPTER 1

INTRODUCTION

1.1 PREAMBLE / BACKGROUND

The KASAM was registered in 1998 under the societies Act 1860 with registration no PBN - 2385/28-1998-99. All the SDS in the field level are also registered. Each SDS has a Board of Director, a President and a Secretary. The head quarter of KASAM is Phulbani. It has a board of Director and Collector is the President of KASAM.

Turmeric is the main cash crop of the poor Tribal farmers of this district. Annually about 16,000 Hct. are covered under this crop by about 60,000 farmers with an annual production of about 40,000 Mt. The local variety grown from time immemorial is having 2 – 3% curcumin, 12.15% of oleoresin and 5.3% of volatile oil. This variety is not valued in international market.

Visualizing the potentiality of spices in Kandhamal district of Orissa and in order to bring a tangible change in quality and also to increase the per unit production one special project under Innovative JawaharRojagar Yojana (IJRY) was implemented in the district by Govt. of India (80%) and Panchayat Raj Dept, (20%) Govt. of Orissa.

In the process of implementation of the project, 61 nos of Spices Development Societies were formed in 5 blocks of the district. The project was closed in 2001. At the end, the members of these SDS decided to form an apex society of marketing of their produce.

Thus the **KASAM** (Kandhamal Apex Spices Association for Marketing) was formed with 61 nos of SDS as the members. At present more than 11234 farmers are there as its members.

KASAM is dedicated for the socio-economic development of tribal farmers of Kandhamal district since 1998 through organic spices which is not just traditional method of cultivation but a way of life.

KASAM perpetually stands out as a bench mark in the world of organic spices with a motto to generate employment, poverty alleviation, extension of organic spices area with scientific approach, production of quality and value added hygienic spices and to set up viable marketing network to minimize the exploitation by traders through inculcating a feeling of self-confidence and self-reliance among the producers. Providing healthy pesticide and chemical free organic spices to the domestic and international market is a hall mark of KASAM target.



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1.2 PRESENT PROPOSAL

KASAM has set up and run processing units of various spices and agriculture products such as turmeric, ginger, pulses, mustard, tamarind, honey under the special project scheme- Innovative JawaharRojagar Yojana (IJRY).

In the present project it is proposed modernize some of the existing facilities as well as expand the capacity of Turmeric processing, Ginger processing and Pulses Processing facilities. The project cost for the proposed project has been estimated at **Rs. 278.64 Lakh**. KASAM is now applying for the capital subsidy amounting to Rs. 245.86 Lakh for the said project under the scheme Rastrya Krishi Vikas Yojana (RKVY) for financial assistance.



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1.3 PROJECT SUMMARY

(Rs. Lakh)

PARTICULARS	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total Income	253.78	446.81	736.35	883.62	1079.98	1276.34	1472.70
Raw materials	187.65	327.28	536.72	644.07	787.19	930.32	1073.44
Total Variable Costs	217.81	370.94	591.49	701.87	848.48	995.19	1142.01
Total Fixed Costs	26.42	33.15	42.83	48.28	55.26	62.30	69.39
Total Expenditure	244.23	404.10	634.32	750.15	903.74	1057.49	1211.40
PBIDT	9.54	42.71	102.03	133.47	176.24	218.85	261.30
PBIDT (%)	3.76%	9.56%	13.86%	15.10%	16.32%	17.15%	17.74%
Profit Before Tax (PBT)	7.29	28.05	87.37	118.81	161.58	204.19	246.64
PBT/Sales (%)	2.87%	6.28%	11.87%	13.45%	14.96%	16.00%	16.75%
Profit After Tax (PAT)	5.83	22.44	62.53	82.60	110.49	138.42	166.36
PAT /Sales (%)	2.30%	5.02%	8.49%	9.35%	10.23%	10.84%	11.30%
Cash Accruals	8.08	37.09	77.19	97.26	125.15	153.08	181.02
Break Even Point - Op Cap	114.23%	63.03%	39.68%	34.63%	30.20%	27.37%	25.42%
BE Sales (Operating Cap)	289.88	281.60	292.21	306.00	326.19	349.36	374.29
INTERNAL RATE OF RETURN (IRR)	36.36%						



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CHAPTER 2

COMPANY PROFILE

2.1 ABOUT SOCIETY / COMPANY

KASAM (Kandhamal Apex Spices Association for Marketing) is registered as Society under the Societies act 1860 on September 1st 1998. At present 11234 individual farmers are the members of the Society with 61 registered societies spread in 5 blocks. Registered office (Head quarter) of the Society is at NetajiSubhash Bose Raod, Phulbani, Kandhamal District, Orrisa – 762 001, which can be reached by road from Bhubaneswar (210Kms), from Berhampur (165Kms). The nearest railway head is at Berhampur and airport is Bhubaneswar.

KASAM was formed with a philosophy of promise and dedicated for the socio economic development of tribals through organic spices, which is not just a traditional method of cultivation but a way of life. KASAM perpetually stands as a benchmark in the World of organic spices.

The special project under Innovative J. R. Y. scheme was implemented from 1995 to 2001. 61 nos of Spices Development Societies were formed in 5 blocks during the implementation of the project. The members have deposited Rs. 45,43,476/- as working capital of KASAM and with this money KASAM is able to export organic spices to foreign markets.

2.1.1 Objectives

The main objectives of KASAM as follows:-

- Provide common platform to the producers and traders for holistic development of spices with respect to production and marketing in the district.
- Raise the economic standards of the farmers through extension of spice area, replacement of varieties, adoption of scientific method of cultivation, processing, grading and marketing in a coordinated manner.
- Provide market intelligence to the traders and growers for obtaining better price of the spices.
- Promote “KASAM” brand name for spices of the district.
- Facilitate export of spices at State, National and International level.
- Provide warehouse to the Spice Development Societies and Traders for scientific storage of spices.
- Implement schemes / projects sanctioned by State and Central Government.
- Organise trainings, workshops, study tours, exhibitions and seminars to educate the farmers and traders on scientific method of cultivations processing, packaging, storage, marketing etc., to meet the national and international standards.
- Provide inputs, technical knowhow and finance for development of spices.
- Set up quality control laboratory etc. for monitoring the quality of spices in the district.



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- Develop suitable packaging materials for packaging of spices
 - Obtain “ AGMARK” and “ISI” mark for the spices of Kandhamal.
 - Promote women’s Self Help Groups for production of value added spices and promote unemployed youths’ Self Help Groups for marketing of spices.
 - Act as agents of Government or other recognized institutions in the sphere of procurement and sale of spices.
 - Encourage thrifts – credit, self – help and cooperation among the members.
 - Instill a feeling of self confidence and self reliance among the people.
 - Take up welfare activities for the betterment of standard of living of people of Kandhamal.
 - Coordinate and guide the Species Development Societies for their further development and sustenance.
 - Purchase spices with a profitable prices from the registered farmers of KASAM and develop marketing opportunities.
 - Do all other things as are incidental and conducive for attainment of the above objectives.

Steps to achieve the objectives:-

- ✚ Extension of area.
- ✚ Replacement of varieties.
- ✚ Adoption of scientific method of cultivation and processing.
- ✚ Marketing through cooperative network.
- ✚ Development of ethos of people towards value addition and conservation of forest.
- ✚ Sensitisation of small and marginal farmers.
- ✚ Transfer of technology.
- ✚ Linkage between IRD families and development agencies.
- ✚ Implementation of programmes at grass root level.
- ✚ Monitoring, evaluation and feedback.

2.1.2 Current Activities:

KASAM is presently engaged in cultivation and processing agricultural products. Processing activities involve various stages such as production processing like Grading, peeling, Sorting, Cleaning, Grinding, weighing and Packaging etc. Manufacturing unit is spread over an area of 2 Acre and it is well equipped with all the latest machinery required for the manufacture and processing of the products.

KASAM procures its required quantity from its organic farmer members at their door steps, processes in its own processing center (at Bandhagada under Phiringia block), add value and then sell to its buyers (both international & domestic). Approximately 85% of its total transaction is exported to different destinations through exporters.



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The present product mix includes Turmeric Finger (with 2-3%curcumin), Turmeric Powder(with 2-3%curcumin), Improved Turmeric Finger (with 5%curcumin), Improved Turmeric Powder (with 5%curcumin), Ginger fresh, Ragi, Dry Ginger (Whole/slice/Powder), Honey (double filter), Honey (single filter), Arrowroot Powder, Tamarind Paste, Seedless Tamarind, Paddy (Hand pound Rice), Rice (khiri), Moongdal, Horse Gram Dal, Black Gram (whole/split),Corn(Maize), Arhar, Mustard, Amla powder, Trifala Powder, Ragi Powder, Chilli Powder , Coriander (whole/Powder), Cumin (whole/Powder) , Fenugreek powder, Curry leaves Powder, Sesamum (black), Fennel, Niger, Castor, White Sesame seed etc.

In the corridor of time, KASAM could organize 61 nos of Spices Development Societies (SDS) at the field level with more than 12000 farmers as members. KASAM is producing all the organic spices from the members through SDS. Thus KASAM has a network for procurement, development of high curcumin turmeric and other organic spices. Secondly KASAM is having its own scientific processing unit for quality production and value addition. Further Kandhamal district is declared as Agri. Export Zone (AEZ) for export of organic turmeric and ginger.

2.1.3 Infrastructure:

With the coordination of local farmers & Government supported body KASAM is able to have the following Infrastructure.

1. Factory and ware house at Bandhagada
2. Factory and ware house at Daringbadi
3. Ware house capacity of 5000MT and primary processing unit at Bramhunigaon
4. Ware house at Katadaganda, G. Udayagiri
5. Primary Processing centre at Raikia
6. Testing facilities at SGS Delhi

2.2 ORGANIC AGRICULTURE BY KASAM

KASAM (Kandhamal Apex Spices Association for Marketing) is a well known Manufacturer, Processor, Supplier and Exporter of a variety of Organic Products. It manufactures and supplies various organic spices such as Organic Turmeric Finger, Organic Ginger Slices, Organic Arrowroot Powder, Organic Mustard Seeds and Organic Tamarind Paste; and Organic Honey. These spices are purely organic and therefore retain all their natural flavors.

KASAM has been awarded the prestigious Organic certificate from CUC, Netherlands for the high quality of its products. The products are offered in excellent packaging using Bulk size polylined paper bag.



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REGIONAL SPICE SCENARIO – KANDHAMAL DISTRICT, ORRISA

About Kandhamal District:

Kandhamal is the centrally located district of Orissa, lies between 19⁰-34' N Latitudes and between 83⁰-48' E and 84⁰-48'E Longitudes. The district is spread over a geographical area of 7.649sq. Kms with a total population of 5.46lakhs. According to 1991 Census, the Scheduled Tribe population is 2.81lakhs (51.51%) and the Scheduled Caste population is 0.99lakhs (18.20%). Thus, the district is predominantly inhabited by ST and SC people. The literacy percentage is only 32% and 90% of the people are living below the poverty line.

There are two subdivisions in the district namely Kandhamal and Balliguda. The Kandhamal Sub-division forms a broken plateau of about 518 metres above the sea level, girdled almost continuously by high ranges which cut if off from the surrounding country. Similarly Balliguda Sub-division is a plateau and lies at a height varying from 300 metres to 1100 metres above sea level. The whole of the district thus lies within the Deccan Plateau to the West of Eastern ghat and therefore its climate is largely akin to Deccan region. But owing to its situation in the higher altitude, the climate is temperate to a considerable degree. The normal rainfall of the district is 1587.10 mm and the temperature ranges from 12⁰ C (minimum) to 40⁰ C (maximum). About 50% of the geographical area is covered with forest and the predominant plant species is Soheriarobusta (Sal).

The soils of the district are mostly coming under Red Laterite group which is porous with little water holding capacity and slightly acidic in nature. KASAM has the total cultivated area of 1.74 lakh Hct. high land constitute 1.43 lakh Hct, which is about 70% of the total cultivated area.

The district is connected by roads only since no railway has passed through the district. The district headquarter Phulbani is 212Kms from the State capital Bhubaneswar. The nearest big railway station is 165Kms away at Berhampur of Ganjam district.

Organic Farming:

Agriculture is the main occupation of the people. Collection of minor forest products is the subsidiary occupation. There are 18,652nos of small farmers and 45,558 nos of marginal farmers out of 81,033 farm families of the district. The per capita land holding is only 0.30 Ha Paddy is the main Kharif crop followed by maize, millets, pulses, spices and oil seeds. Due to lack of irrigation (18,000Hct) stray cattle menace, non adoption of improved agricultural practices including application of improved seeds and



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fertilizer etc., the productivity from agricultural crops are not remunerative and as such the peasant populations of the district are very poor.

The tribals are financially and educationally poor. So they never apply any fertilizer or pesticide to the turmeric or ginger crop. The average consumption of chemical fertilizer is only 4kgs per Ha in the district for other cereal and vegetable crops and application of chemical pesticide is virtually nil. Thus the agriculture of the district is organic in nature. All the turmeric and ginger produced in the district are organic products.

In order to boost up the organic farming on spices, training is required on method of organic cultivation, post harvest technology and organized marketing. Certification of organic products needs for export, if these turmeric and ginger can be exported as organic products, and then the tribal farmers can get more prices for their products. A special scheme is implemented to introduce high curcumin content turmeric and low fiber content ginger. Already organic products are there, but this needs export through certification and organized marketing.

Organic Certification:

Certification for organic spice farms is an essential pre-requisite for marketing their produce, especially in the international markets. National programme for organic production is implemented by the Government of India through the Ministry of Commerce as the apex body. As per the national accreditation policy, all the certifying agencies operating in India are to obtain accreditation from anyone of the accrediting agency appointed by the Government of India, viz., Spices Board, Coffee Board, Tea Board or APEDA International certifying agencies conducting inspection and certification in India at present are Institute For Marketecology (IMO) Switzerland, SKAL Netherlands and Ecocert International, Germany. The Government of India is in the process of setting up indigenous certification programmes since there is no domestic certifying agency in India.

For timely inspection at optimum cost, the Board has access to the services of trained inspectors from both governmental and non-governmental organisations. These inspectors were trained in 1998 by the members of IFOAM in India. They will commence work once the domestic certification body is set up and approved by competent authorities. The Spices Board India is in contact with the IFOAM Head Quarters in Germany.

Every year the area is certified by the international organic certifying agency Control Union Certificate (formerly known as Skal) of Netherlands. All the organic spices can be available with Organic Certificate. The products grown in those areas are branded as "Certified Organic Product".



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Spice Scenario of the District:

Kandhamal is a centrally located district of Orissa where Scheduled Tribe (51.5%) and Scheduled Caste (18.2%) are living predominantly. Agriculture is the main occupation of these tribals. The bounties of nature have blessed this district with very congenial agro climatic conditions for cultivation of ginger and turmeric. Turmeric is the main cash crop of these tribals which is being cultivated from ages. Annually about 14,000 Ha of turmeric is grown with a production of about 28,900MT. Similarly 2,770MT of ginger is produced from 1700 Ha.

The grown of turmeric is almost a religion site with these wild people and it was to improve its colour and output. . It is their chief source of income as they export it in large quantities, bartering it for grain and salt to drivers of pack bullocks who come from Ganjam, Sambalpur, Cuttack, Puri and tributary States. The district occupies first position under area and production of turmeric and ginger in the State. Similarly this district stands 1st in the country under coverage of turmeric.

The local turmeric cultivars belong to Curcuma auomatica with 2.36% of curcumin. Although the variety is lacking high curcumin but it has 12.15% of oleoresin and 5.33% of essential oil. This turmeric is marketed as Berhampur turmeric of Orissa although Berhampur does not produce a single gram of turmeric.

The local ginger with 7 to 10% crude fibre, 4.28% oleoresin and 1.83% of volatile oil, is cultivated in an area of 2090hct with 3550MT production. The improved ginger variety with 4 to 5% crude fibre, 4 to 8% oleoresin and 1.3% to 1.9% volatile oil is cultivated in an area of 100hct with 1000MT production. The area under improved turmeric and ginger is increasing day by day.

Mustard is grown here in an area of 4860 Ha with a production of about 874MT. tamarind is naturally grown in the forest and back yards of the farmers and annually about 940MT of tamarind is produced.

In order to improve the quality of turmeric variety, a Special scheme is being implemented from 1996 – 97. In the project period of 3 years all total 550Hct of improved turmeric and 100Hct of Ginger will be covered. It is estimated that the yield of turmeric and ginger can be increased to 14.5 and 5.7 times respectively. Thus there is tremendous scope for increasing the production and area under turmeric and ginger in the district.



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VALUE CHAIN ANALYSIS

A Value chain analysis of proposed facilities is presented below

- Reduce Post harvest wastage of spices and other agricultural products processed in the unit.
- As KASAM purchases the raw material direct from Farmers hence reduce the intermediaries in supply chain.
- Getting good price realization by farmers for their produce.
- Provide better infrastructure for assembling, grading, standardisation and quality certification, labeling, packaging, value addition facilities.
- It expands the market by increasing capacity and sales volume for the members of the society.



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Proposed Production Facilities:

KASAM has proposed to procure following plant and machinery for the proposed project in addition to existing plant machinery.

S. No.	Name of Machinery	Products for which Machinery will be used	Capacity of Machinery (MT per annum)	No. of Machinery
1	Mini Pulvariser	Turmeric	200	2
2	Big Pulvariser	Turmeric	500	2
3	Medium Pulvariser	Turmeric	300	2
4	De stoner Mustard	Pulses	300	1
5	Grader	Pulses	500	2
6	Splitter	Pulses	200	1
7	Pulses polisher	Pulses	300	1
8	Turmeric polisher	Turmeric	500	2
9	De cutter		150	1
10	Roaster	Pulses	200	1
11	Washing machine	Mustard, Ginger	500	2
12	Mega Slicer	Ginger	500	2
13	Sewing machine			2
14	Packing machine			
a	Turmeric Powder	50 Grams to 1 Kg	500	2
b	Mustard	50 to 250 Grams	150	2
15	Blower	Ginger Slices	500	1
16	Magnetic Separator	Turmeric	500	2
17	Sortex Machine	Pulses, Cummins	200	1
18	Weighing Machine Electronic		50 Grams to 5 Kgs	2



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CHAPTER 4 CERTIFICATION

CERTIFICATION

KASAM has obtained following certification and approvals from the concerned department and organization for the proposed project.

Table:Certification

S. No	Particulars	Status	Date / Reference
1	Society Registration	Obtained	Dated : 1 – 09 – 1998
2	Registration with US FDA	Obtained	US FDA Registration No. 13015830214 Dated: 30 – 07 – 2014
3	License from FSSAI	Obtained	License No. 12014016000028
4	Certificate of Importer Exporter (IEC)	Obtained	IEC No. 2313000524 Dated: 6 – 06 – 2013
5	License from Dist. Industries Center Phulbani	Obtained	Dated: 27 – 05 – 2013
6	Registration with Federation of Indian Export Organization	Obtained	RCMC No. BBSR/13/2013 – 2014 Dated: 28 – 06 – 2013
7	PAN Card	Obtained	PAN No. AAAAK5357P
8	Sales Tax Registration	Obtained	TIN No. 21121900211
9	ISO 22000:2005 Registration	Obtained	Certificate No. PCMC/FGMS/1012-2014 Dated: 24 – 01 – 2014
10	Scope Certificate by Control Union Certification (India)	Obtained	Certificate No. ORG/SC/1204/000628



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CHAPTER 5 PROJECT INVESTMENT

PROJECT COST

The project cost for Modernization and Expansion of Spices Manufacturing Unit of Kandhamal Apex Spices Association for Marketing at Phulbani, Kandhamal District in the State of Orissa is estimated at **Rs.245.86 Lakh**. The head wise cost is tabulated below and the justification for the cost has been given in the next section of this chapter.

(Rs. Lakh)

Description	Amount
1. Buildings & Civil works – Technical	46.80
2. Plant & Machinery	191.06
3. Misc Fixed Assets	5.00
4. Electricals	3.00
Total	245.86



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UNIT COST STRUCTURE

Building and Civil Works

The current building of the processing facility is in a poor condition and needs to be demolished and reconstructed. The processing facility also needs a drying yard to handle additional capacity. Further a portion of the roof of the existing turmeric processing facility needs to be equipped for fitting dust collecting equipments. The cost of building and civil works is estimated at **Rs. 46.80 Lakh** and the break up is provided below.

Sl. No.	Component	Size	Area (Sft)	Rate (Rs. Per Sft)	Total cost (Rs. Lakh)
1	Demolishing and Construction of Processing facility	56 Ft X 36 Ft	2016	1600	30.26
2	Drying Yard	60 Ft X 65 Ft	3900	350	13.65
3	Creating opening for Dust collection system	6 Ft X 6 Ft	36 Ft	1000	0.36
4	Other maintenance			Lump sum	0.50
5	TOTAL				46.80



Plant and Machinery

The total cost of plant and machinery is estimated at **Rs.191.06 Lakh**. The cost estimation is arrived based on the quotation collected from reputed suppliers.

S. No.	Name of Machinery	Products for which Machinery will be used	Capacity of Machinery (MT per annum)	No. of Machinery	Unit Cost in Rs.	Total Cost In Rs.
1	Mini Pulvariser	Turmeric	200	2	749000	1498000
2	Big Pulvariser	Turmeric	500	2	1566000	3132000
3	Medium Pulvariser	Turmeric	300	2	1037000	2074000
4	De stoner Mustard	Pulses	300	1	180000	180000
5	Turmeric polisher	Turmeric	500	2	250000	500000
6	Washing machine	Mustard, Ginger	500	2	395000	790000
7	Mega Slicer	Ginger	500	2	375000	750000
8	Sewing machine			2	149000	298000
9	Packing machine					
a	Turmeric Powder	50 Grams to 1 Kg	500	2	1450000	2900000
b	Mustard	50 to 250 Grams	150	2	1375000	2750000
10	Blower	Ginger Slices	500	1	20000	20000
11	Magnetic Separator	Turmeric	500	2	128000	256000
12	Sortex Machine	Pulses, Cummins	200	1	82500	82500
13	Weighing Machine Electronic		50 Grams to 5 Kgs	2	8000	16000
14	Tamarind Paste Machine				100000	100000
SUB TOTAL					7864500	15346500
	Excise Duty			12.50%		1918312.5
	VAT			5%		767325
	Packing			1%		153465
	Transportation			2%		306930
	Insurance			2%		306930
	Installation			2%		306930
TOTAL COST OF PLANT MACHINERY						19106392.50



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Misc Fixed Assets

It is proposed to purchase 100 KW Diesel Generator. Provision of **Rs. 5.00 Lakh** has been made towards this Fixed Assets.

Electricals

The cost allocation of Rs. 3.00 Lakh has been made towards Electricals.

Margin Money for Working Capital

The working capital requirement for the first year of operation (2014-15) works out to **Rs. 44.65 Lakh** and will be arranged from other sources.



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(Rs. Lakh)

Description	Amount
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4. Electricals	3.00
Total	245.86



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CHAPTER 6

PROJECT ECONOMICS

REVENUE

The revenue that can be generated from the proposed unit is **Rs.245.86 Lakh** during the first year of operation. The revenue during the second year increases due to increase in capacity utilization. The year wise revenue is tabulated below.

Table: Revenue **(Rs. Lakh)**

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Income	446.81	736.35	883.62	1079.98	1276.34	1472.70

PROFITS BEFORE TAX

Though the capacity utilization during the first year of operation is less the profits before tax are expected to be positive. The PBT improves with increase in capacity utilization. The year wise PBT for the proposed facility are tabulated below and the calculations are presented as **Annexure 7**.

Table: Profit before tax **(Rs. Lakh)**

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
PBT	28.05	87.37	118.81	161.58	204.19	246.64

PROFITS AFTER TAX

The Profit after tax too registers a positive note from the first year of operation and follows the trend of PBT. The PAT for the first nine years of operation is tabulated below and calculations are presented in **Annexure 7**.

Table: Profit after tax **(Rs. Lakh)**

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
PAT	22.44	62.53	82.60	110.49	138.42	166.36



CASH ACCRUALS

The cash accruals are adequate enough to initiate the repayment of term loan from the second year of operation. The contribution of Depreciation in cash accruals during the year 2015-16 of operation is 38% and reduces to 23% by the end of the tenure.

Table: Cash Accruals

(Rs. Lakh)

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
CA	37.09	77.19	97.26	125.15	153.08	181.02

BREAKEVEN ANALYSIS

The breakeven during the year 2014-15 is reached at 114% of the operating capacity however no cash losses are expected. The breakeven reduces to 35% by the end of 2017-18.

INTERNAL RATE OF RETURN

The internal rate of return is arrived at 36.36%.



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CHAPTER 7

SOCIO ECONOMIC BENEFITS

SOCIO ECONOMIC BENEFITS

The proposed project has a good potential of increasing and changing the socio-economic status of local people through employment generation mainly and providing good realization to tribal farmers for their produces.

KASAM is dedicated for the socio-economic development of tribal farmers of Kandhamal district since 1998. The proposed facilities help to generate employment to local people. It also helps in alleviation of poverty in the state by extension of organic spice area with scientific approach so as to minimize the exploitation by traders through inculcating feelings of self-confidence and self-reliance among the tribals.

It would provide healthy, pesticide and chemical residue free organic spices to the market and aid domestic as well as international market linkages for organic products.

India has been a leading producer, consumer and exporter of spices and there is a scope for improvement of quality through proper cleaning, grading, drying/dehydration, milling, grinding and other operations. The proposed facilities will produce value added products and also improve the quality of products

KASAM contributes to the economic development of the region by generating employment and income from the existing and proposed facilities.



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CHAPTER 8

CONCLUSION

CONCLUSION

KASAM is dedicated for the socio-economic development of tribal farmers of Kandhamal district since 1998 through organic spices. KASAM perpetually stands as a benchmark in the World of organic spices. It is presently engaged in cultivation and processing agricultural products. Approximately 85% of its total transaction is exported to different destinations through exporters. KASAM is the organic spices producer and exporter in the country with the organic certificate from Control Union Certification (formerly known as Skal) of Netherlands.

Nearly 5000MTs of raw materials are required per year. Supply chain of raw materials is already identified and established. Raw materials are collected from farmers through its 61 registered farmer societies. 1000 farmers are registered and practicing Organic Farming. About 10000 MT of raw material is available within 50 to 100 Kms area.

The world demand for organically produced foods is growing rapidly in developed countries like Europe, USA, Japan and Australia. The current estimated share of organic foods in these countries is approximately 1 to 1.5 per cent. Worldwide, food trends are changing with a marked health orientation. Since organic foods are free from chemical contaminants, the demand for these products would steadily increase in the new millennium.

Project cost of Rs. 278.64 Lakhs has been arrived based on the civil works estimation and quotation for plant and machinery collected from various suppliers. The key financial indicators are within the acceptable norms.

Overall the proposed project for modernizing and expansion of existing spices processing facilities by KASAM (Kandhamal Apex Spices Association for Marketing) at Phulbani, Kandhamal District in the state of Orissa is considered viable and beneficial for local farmers.



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