

## NABARD CONSULTANCY SERVICES

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### Nabcons welcomes its new

#### CHAIRMAN



**Dr K G Karmakar, MD, NABARD** has taken over the chairmanship of Nabcons with effect from 28 August 2006 on relinquishing of office by Dr Y S P Thorat. Dr Karmakar holds a doctoral degree in Management from University of Bombay and Post Graduate degree in Financial Management. With over thirty years of professional experience as an Executive in various banking and financial institutions like State Bank of India, Reserve Bank of India and NABARD, Dr Karmakar has specialized in Agriculture/ Rural Credit, Corporate Planning, Micro Credit, Project Management and Rural Infrastructure Development.

#### CHIEF EXECUTIVE OFFICER



**Shri S M Mehta** has been appointed as the CEO of Nabcons with effect from 03 May 2006. Shri Mehta is an Agriculture Engineer and holds a Masters degree in Management. He has attended a Senior Management Programme at IIM Ahmedabad and has also done a Diploma course in German language & a Certificate course in French. He has an experience of more than 10 years of Marketing Agriculture tractors & implements and 27 years in ARDC & NABARD. He has to his credit Implementation of bilateral projects

on watershed (IGWDP), Adivasi Development Projects (kfw), Transfer of Technology for sustaining Development (EU). He was involved in Policy planning and implementation for strengthening rural credit delivery institutions including planning for credit requirement both at micro and macro level for agriculture and rural development. He has provided support to various training institutions by sharing his expertise and training entrepreneurs setting up projects and agro service centers, preparing & appraising feasibility reports for agricultural projects.

### Nabcons Signed MoU with YES BANK & State Bank of Indore

NABCONS enters into strategic alliance with YES BANK by signing a MoU on 28 June 2006. Shri S M Mehta, CEO, NABCONS and Shri Rana Kapur, CEO, YES BANK inked the documents, in the presence of Dr Y S P Thorat, CHAIRMAN, NABARD & Dr K G Karmakar, MD, NABARD, thus agreeing to work together in the direction of giving thrust to Agriculture financing. Similarly a MoU was signed between CEO, Nabcons and Ms Annie Pawar, GM, State Bank of Indore making an institutional arrangement for preparation of Detailed Project Reports & Appraisal of the Project Reports submitted by the clients, thus enhancing smooth flow of credit in agriculture & rural development.

### Nabcons at a Glance as on 31.06.2006

#### Types of Assignments

Type	No.	Fee (Rs. Lakh)
Project Preparation	- 175	632.71
Project Appraisal	- 41	76.78
Feasibility Studies	- 35	65.19
Monitoring & Evaluation Studies	- 39	1089.74
Exposure Visits	- 44	182.04
Others	- 06	12.99

## **New Investment Opportunities - Matchwood Tree (*Ailanthus excelsa*)**

One of the oldest wood based industry in India, in particular South India, is Matchwood Industry. The matchwood sector is dominated by non-mechanised cottage industries numbering over 5500 units and are spread in states such as Tamilnadu (65%), Kerala (18%), Andhra Pradesh (7%) and other states (10%). Tamilnadu has a major share (95%) in terms of production of safety matches.

The key raw material required for the manufacture of safety matches is wood and supply of wood on time is proving to be critical due to non-availability of the required quantity and quality of wood from the traditional zones. In the earlier days, Forest department was supplying the wood and consequent to Forest Policy, 1988, all wood based industries have to source the required quantities of raw material on their own. Matchwood Industries in Tamilnadu started procuring the wood from adjoining Kerala state. Due to large scale of depletion of forest wealth in that state, availability of wood especially from *Ailanthus excelsa* and *Ailanthus malabarica* has come down, with the result the industries are forced to look for captive production through contract farming or otherwise.

### **Demand & Supply**

The production of safety matches is estimated at 1500 lakh bundles per annum. Out of the total requirement of safety matches, about 95% is wood based and 5% is wax based. This translates into a requirement of 15 lakh tonnes of soft wood per annum. To meet the above demand, soft wood plantations to the extent of 9000 acres are to be harvested every year. As the rotation of these species is about 6 years, about 55,000 acres need to be brought into cultivation of soft wood trees, to meet the annual demand of the match wood industry alone. If the demand from competing industries like Pencil manufacturers, packing industries etc., is considered, then the requirement will go up further.



The current supply of matchwood is mainly from Kerala (80%) followed by Tamilnadu (17%) and Karnataka (3%). Tamilnadu is able to supply about 250 tonnes of match wood per month as against the local consumption of about 12,000 tonnes per month. Raising demand is satisfied through the import of match splints from Uttar Pradesh and J & K. Since 1955, there has been a continuous and increasing depletion of matchwood resources without any new matchwood plantations. The demand-supply gap is increasing every year and there is a need to bring in atleast 6000 acres of plantations of softwood every year to meet the current demand.

## Ideal Species

Among the various tree species being used for match industry, the wood of *Ailanthus excelsa* (*Perumaram* in Tamil) is considered the best for match splints because of its desired quality characteristics and fast growth. The logs harvested from the trees are round, soft, straight grained, light weight and free from knots & cracks and meet the requirement of the match industry.

## Habitat

*Ailanthus excelsa* is indigenous to Central India and in the Northern part of the peninsula and is commonly seen in the states of West Bengal, Bihar, Orissa, Andhra Pradesh, Rajasthan, Gujarat, Maharashtra, Kerala, Karnataka and Tamilnadu.

## General Characteristics

It is a large deciduous fast growing tree attaining a height of 18-24 m with a straight cylindrical stem of 1.8 - 2.4 m in girth in about 7-8 years. It has large branches which start straight angles from the trunk and tend to curve upwards. It is a light demander. The tree is able to adapt itself to a variety of soils and shows good growth in well-drained sandy loam soils with adequate soil moisture. It thrives well between 12.5°C and 47.5°C.

## Cultivation practices

The propagation of the species is through seeds, which have to be used within 4 months after collection as they lose viability rapidly. The species is best raised by planting out nursery raised seedlings in poly bags. The optimum period for keeping the polybag seedlings that could be kept in the nursery is usually 3-6 months.

The planting starts before the onset of monsoon (North East monsoon) at a recommended spacing of 3 m x 3 m. The survivability of transplanted seedlings is at 85-90%. Maintenance includes manual weeding around the plants and two tractor ploughing per year between the rows. Mulching and application of pot

water during summer months will increase the survival rate under rainfed conditions, while under irrigated conditions, channel irrigation will be given once in 10 days for the initial 3 years. Drip irrigation can also be practiced to improve the growth. Fertilization is done under irrigated condition with a dose of 100 g DAP and 50 g MOP per plant.

## Yield

The tree grows to an extent of 1-2 m in height (mean annual increment) and 8-14 cm in girth per annum. The trees are felled at the age of 10-30 years and under intensive silvicultural management, between 8-10 years. Once planted, 3-4 rotation crops can be harvested through coppice shoots. The main trunk and branches having girth above 15 cm are used for match splints. It is expected to give 250-350 kg of wood under rainfed and 550-650 kg of wood under irrigated conditions respectively in 8-10 years rotation. After felling, the wood has to reach the match factor within three days for maintaining the weight and colour.

## Other uses

The wood can also be used for making catamarans, pencils, slate frames, packing cases, plywood and centering material. The leaves are good fodder for goats.

## Returns

The unit cost for cultivation of the *Ailanthus excelsa* in one acre under rainfed and irrigated conditions is estimated at Rs. 35,800 & Rs. 43,600 respectively. The unit cost includes maintenance cost from the II year to VII year. Number of trees per acre is taken at 444 at a spacing of 3 m x 3 m. At the end of VIII year, the softwood yield wood be at 120 & 220 tonnes under rainfed and irrigated conditions respectively, assuming survival rate of 90-95% and yield per tree at 300 kg (rainfed) / 520 kg (irrigated). With the market rates for soft wood hovering around Rs. 1500 per ton, the total income at the end of VIII year is estimated at Rs. 1.8 lakh (rainfed) / Rs. 3.3 lakh (irrigated), which

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are quite attractive. The IRR is at 22% and 34% for rainfed and irrigated condition respectively.

### Prospects

The prospects for this crops is bright considering the huge demand from various sectors for soft wood. Efforts are on by a few safety match industries to cultivate the crop through contract farming. Vasan Match Works, Gudiyatham is one such company trying the contract farming route for sourcing its own requirements. Involving SHGs in cultivation of Ailanthus in leased / Common lands is also being attempted.

• (The contributor Dr. R S Reddy is Manager, NABARD, Tamil Nadu RO)

### Zonal Meets of Nodal Officers' of Nabcons

The nodal officers of Nabcons had brainstorming sessions during the 3 zonal meets organized in various parts of the country. The meetings had some very healthy discussions with the expert speakers invited from various reputed institutions. Many issues were raised and some policy decisions were taken in those directions. A orientation and hand on experience was given to nodal officers in handling the newly refurbished website of the company.



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