



Some time ago, a piece of news item was published in a newspaper on sale of packaged cow dung which read as under:

'Now, packaged cow dung. Even cow dung now comes in packets in this age of packaging, its smell hidden by camphor, turmeric and sandalwood paste. Pious Hindus living abroad or in urban India now need not worry about how to get cow dung for religious rituals.'

The chairman of the company which had introduced this product in the market reportedly got the idea when he heard the priest in a temple he visited complaining about non-availability of cow dung for holy rituals. The company started using fresh cow dung from his own company's dairy farms, 'scientifically' processed it, added camphor, turmeric and sandalwood to give it a pleasant smell and then sold it in attractive packets at affordable prices. The company claimed that they did not add anything that had no religious sanctity. The company claimed that the packaged cow dung had good market in many places in southern India and now it was targeting the northern part of the country besides sending samples to Singapore, Malaysia, Middle East and the United States, where Hindus find it almost impossible to get cow dung.

SWOT analysis

A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of the project of selling packaged cow dung revealed the following:

Strengths

1. Easy availability of raw material - cow dung.
2. Easy availability of other additives.

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3. Very simple process.
4. Attractive packaging.
5. Affordable prices.
6. Religious sanction.
7. Good demand.

Weaknesses

1. Some people may not like the idea of selling packaged cow dung.
2. Some religious groups may question whether the product is really cow dung based.

Opportunities

1. Good exports potential initially.
2. Good potential for gradual domestic sales.

Threats

1. Tough competition from other manufacturers who may rush in to encash the benefits of this project.

From the above analysis, it is clear that strengths and opportunities outweigh the weaknesses and threats to the project.

Bank finance for the project

Based on the above analysis, now the questions to be answered are as follows.

1. Whether the project is bankable and can be financed by the bank?
2. If not, why not?
3. If yes, then what precautions are to be taken by the bankers?

In reply to these questions, a large number of bankers reacted in favour of financing the project giving the following reasons which have influenced their decisions:

1. Cow dung is very much essential in Hindu religious rituals and it is not available easily in towns. Moreover, the cow dung has been mixed with other items used in religious rituals. It will be in great demand in near future.
2. It is a new product and it is for urban/metro based population, while raw material is rural based and available in plenty.
3. Cow dung is widely used in temples and Hindu families during different rituals celebrated round the year around the world. Cow dung is not easily available and its bad odour is another problem. The company has sorted out all these problems. We foresee huge demands from domestic as well as overseas households. The margin is also very high. There is no competition in near future. The product has created an oasis in the desert and there is a need to keep it up and inspire others. Considering all these things, we can finance the project subject to fulfilling other norms of the bank.
4. It is a good business idea that may be promoted for export to nearby countries.
5. It is a product that can be used in temples and other places. Since the project is profitable, it can be financed.
6. The project should be financed as the promoter has business tact and he has exploited the religious emotions of the Hindus towards cow dung. The bankers should look at the profits and repayment capacity.
7. The project can be financed as the product is marketable and there is no issue of demand from the customers.
8. The project is worth considering because raw material is easily available, initial project cost is low, technical know-how is not required, there is wide market in urban and metropolitan areas as well as abroad as most of the Hindus use cow dung in havans, poojas, etc.
9. The project can be financed but with following stipulations that (a) technical know-how for making it

odourless should be known (b) shelf life of the product should be known and (c) the project should be run as a composite project with a dairy project.

10. The product is cost effective and needs to be encouraged since the raw material is treated as a waste product as of now. The promoter is a man of extraordinary prudence who has visualised a very innovative project which has a wide acceptance.
11. In today's competitive scenario when all banks are offering same types of products for the same set of customers, banks are now exploring niche markets. Here the promoter has explored a niche clientele and is smoothly marketing a low cost product, aesthetically processed and attractively packaged at affordable prices. Any religious person would any day prefer to use a lump of good smelling cow dung at cheap prices for religious ceremonies instead of the smelly cow dung. The idea is bright, innovative and caters to the segment which is religiously inclined. As the local and foreign clientele are geographically separated, the promoter can easily charge different rates for these two market segments and increase profitability.
12. Request for financing the project can be considered subject to fresh orders being received. Where a seller and a purchaser exist, project implementation can surely take place.

There were some negative responses from bankers which were not in favour of financing the project. Their main objection was based on the argument that the product did not have enough market potential. The promoter did not properly examine the market potential and the acceptability of the product in market was not tested and ascertained properly.

Readers may have various views on whether to finance the project and no decision can be said to be perfect. However, one thing is certain that in the emerging markets, 'sub kuchh bikta hai' (everything sells).

About the Author



Jatinder Pal Singh Broca is senior manager attached to asset recovery branch of Bank of India at New Delhi. Prior to joining the bank as a technical officer, he worked in private sector for about 7 years. He secured first class with distinction and the top rank in BTech (mechanical) and thereafter secured first class with distinction in diploma in business management.