

TERRACOTTA WARE

Introduction:

Terracotta wares such as pots, surais, follower tubs and other decorative clay articles are made out of locally available plastic clay. A traditional potter can easily manufacture the above items which are being used by all classes of people.

Market Potential:

There is good demand for surais & pots for storing potable water for drinking purposes. The use of the articles is more in summer. Demand for these terracotta wares are growing very fast all over India.

Process of manufacturing:

Locally available plastic clay after digging is kept for aging at least one week. The aged clay is further kneaded, and a desired quantity of clay is taken and thrown into the required shape of article on the improved potter-wheel. This important operation requires good skill by an artisan such as professional potter. After shaping, the article is allowed for better hardening and then taken for joining of handles etc. and the articles are kept for drying. The dried articles are loaded to the open type Country Kilns for firing with either sawdust, paddy husk etc. On cooling, the fired articles are unloaded, sorted and sent for marketing.

Basis and Presumption:

This scheme is envisaged based on the local resources and skill.

The proposed project is calculated on single shift basis working 300 days in a year. The operation of the Country Kiln will work till the cycle of firing is completed. Provision has been made for use of improved type of potter wheel with electrically driven.

Raw Materials:

Tank Clay - 720 MT @ Rs 100/MT : Rs 72,000

Machinery and Equipment:

i)	Pottery wheels with ½ HP motor along with other equipment - 9 Nos. x Rs 12,000 :	Rs 1,08,000
ii)	Country Kiln – 1 No. :	Rs 25,000
iii)	Working tools (L.S) :	<u>Rs 10,000</u>
	Total	<u>Rs 1,43,000</u>

Infrastructure:

The major infrastructural requirement are:

Covered Area : 1000 sq.mt.
Power : 2 KW

Location:

Assam : Sapatgram, Goalpara, Barpeta, Rangia
Mangaldoi, Nagaon.
Meghalaya : Phulbari
Nagaland : Dimapur
Tripura : Udaipur
Manipur : Imphal.
Sikkim : Gangtok, Penlang, North sikkim

Total Capital Requirement:

The total capital requirement including fixed capital and working capital is estimated at Rs 2,46,315 as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 1,92,160.

A.	Fixed Capital:	(Rs in lakh)
	Land & building	Rented
	Plant & Machinery	1,43,000
	Miscellaneous fixed assets	15,000
	Preliminary and pre-operative expenses	<u>5,000</u>
	Total (A)	1.63,000
		=====

B. Working Capital:

Raw materials & Packing material	1 month	6,000
Finished goods	15 days	16,765
Working expenses	1 month	18,500
Receivables	15 days	<u>42,050</u>
	Total (B)	83,315
		=====
	Total (A)+(B)	2,46,315

Note: Working capital may be financed as:

Bank Finance	Rs 54,155
Margin Money	Rs 29,160
		Rs 83,315
		=====

Capital Cost of Project:

1. Fixed Cost	Rs 1,63,000
2. Margin money for W.C.	Rs 29,160
		Rs 1,92,160
		=====

Means of Finance:

Promoter's contribution (35%)		Rs 67,256
Term Loan (65%)		Rs 1,24,904
		Rs 1,92,160
		=====

Operating Expenses:

The annual operating expenses are estimated at Rs. 3,06,015 as given below:

		(Rupees)
1. Raw materials		72,000
2. Packing materials		25,000
3. Utilities		72,000
4. Wages & Salaries		1,50,000
5. Rent		24,000
6. Other overheads		10,000
7. Selling expenses @ 20% on annual sales		1,68,200
8. Interest on term loan @ 12.50%		15,613
9. Interest on Bank Finance for Working Capital @ 12%		6,499
10. Depreciation @ 10% on m/c		<u>16,300</u>
	Total	5,59,612
		=====

Sales Realization:

Total quantity of finished products after allowing 20% breakage and rejections:

Sl.No.	Product	Qty.(MT)	Rate (Rs)	Value (Rs)
1..	Surai	173 MT	1500/-	2,59,500
2.	Pots	173 MT	1500/-	2,59,000
3.	Flower Tub	115 MT	1200/-	1,38,000
4.	Decorative Articles	115 MT	1600/-	1,84,000
	TOTAL	576 MT	--	8,41,000

Profitability :

Based on the sales realization of Rs 8,41,000 and the operating expenses of Rs. 5,59,612 the profit would be Rs 2,81,388 per year. This works out to a return on investment of 114%. The plant will break even at 27% of the rated capacity.

Highlight:

The major highlights of the project are as follows:

Total capital requirement	:	Rs 2,46,315
Promoter's contribution	:	Rs 67,256
Annual sales realization (70% cap.)	:	Rs 8,41,000
Annual operating expenses (70% cap.)	:	Rs 5,59,612
Annual profit (pre-tax)	:	Rs 2,81,388
Pre-tax Return on Sales	:	33%
Break Even Point	:	27%
No.of persons employed	:	8

Suppliers of Machinery (Potter Wheel):

M/s Sri Venkateswara General Engg. Works
"B" Type, 8-139, Raju Colony,
Balanagar,
Hyderabad – 500 037

M/s Sri Lakshmi Narayana Reddy,
Kamala Nagar,
Ananthapur

M/s Sri Venkateswara Mechanic Tools,
Shed No. D-28,
Phase- IV, Extension,
Behind Electrical Sub-Station,
IDA, Jeedimetla,
Hyderabad.