

JUTE WEAVING

Introduction:

Decorative jute weaving products have demands in most of the homes. It is not only fashionable but also durable and washable. It has made its presence not only in the domestic sector but also commercial sectors like hotels. Convention centres also prefer to have them.

Market Potential:

The door mats, floor covering, screens and durries have great demand in the urban and semi-urban homes, apart from these the big hotels. Commercial centres, malls, clubs also give preference to these items due to their decorative looks and comparatively cheaper price.

Raw materials:

Jute yarn	:	2580 kg.
Cotton yarn	:	192 Kg.
Acrylic yarn	:	273 kg.

Machinery:

The major equipment required are –

1.	Loom (Complete with all accessories)	:	4 Nos. x Rs 6000 =	Rs 24,000
2.	Bobbin Crile	:	1 No. x Rs 1000 =	Rs 1,000
3.	Charkha	:	1 No. x Rs 500 =	Rs 500
4.	Bobbin	:	100 Nos. x Rs 3 =	Rs 300
5.	Pirn	:	100 Nos. x Rs 3 =	Rs 300
6.	Shuttle	:	10 No. x Rs 50 =	Rs 500
7.	Misc. Items	:	L.S.	<u>Rs 3,400</u>
			Total	<u>Rs 30,000</u> =====

Infrastructure:

The major infrastructure requirement are –

Covered Area	:	40 sq.mt.
Power	:	1 KW.

Location:

The suggested locations are –

Assam	:	Kokrajhar, Bongaigaon, Guwahati, Nagaon, Sibsagar, Tinsukia.
Arunachal Pradesh	:	Itanagar, Doimukh, Pasighat
Meghalaya	:	Nongpoh, Tura, Williamnagar
Nagaland	:	Dimapur, Kohima
Tripura	:	Agartala, Udaipur
Manipur	:	Imphal, Churachandpur, Thoubal.
Mizoram	:	Aizawl.
Sikkim	:	Gangtok, Penlang, North sikkim area

Total Capital Requirement:

The total capital requirement including fixed capital and working capital is estimated at Rs 1,13,435 as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 75,435 lakhs.

A. Fixed Capital:		(Rs in lakh)
Land building		Rented
Machinery		30,000
Miscellaneous fixed assets		15,000
Preliminary and pre-operative expenses		<u>10,000</u>
	Total (A)	55,000
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B. Working Capital:		
Raw materials & Packing material	1 month	13,300
Finished goods	15 days	14,060
Working expenses	1 month	9,100
Receivables	15 days	<u>21,975</u>
	Total (B)	58,435
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	Total (A)+(B)	1,13,435
Note: Working capital may be financed as:		
Bank Finance		Rs 38,000
Margin Money.....		<u>Rs 20,435</u>
		Rs 58,435
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Capital Cost of Project:

1. Fixed Cost.....	Rs 55,000
2. Margin money for W.C.	<u>Rs 49,000</u>
	Rs 75,435
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Means of Finance:

Promoter's contribution (35%)	Rs 26,435
Term Loan (65%)	<u>Rs 49,000</u>
	Rs 75,435
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Operating Expenses:

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

		(Rupees)
1. Raw materials:		
i) Jute yarn 2580 kg.		77,400
ii) Cotton yarn 192 kg.		26,880
iii) Acrylic yarn 273 kg.		54,600
iv) Misc. items (L.S)		<u>1,120</u>
		1,60,000
2. Utilities		12,000
3. Wages & Salaries		97,200
4. Rent, Insurance		12,000
5. Other overheads		12,000
6. Interest on term loan@ 11.50%		4,180
7. Interest on Bank Finance for Working Capital@11%		5,635
9. Depreciation @10%on m/		<u>3,000</u>
	Grand Total	3,06,015
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Sales Realization:

Sl.No.	Particulars	No.	Rate (Rs)	Value (Rs)
1..	Door mat (13"x22")	600 Nos.	80/-	48,000
2.	Floor covering (4"x6')	600 Nos.	350/-	2,10,000
3.	Screen (1200m)	--	--	60,000
4.	Durry (2.50' x 5')	450 Nos.	100/-	45,000
	TOTAL			4,39,500

Profitability :

Based on the sales realization of Rs 4,39,500 and the operating expenses of Rs. 3,00,015 the profit would be Rs 1,33,485 per year. This works out to a return on investment of 118%. The plant will break even at 40% of the rated capacity.

Highlight:

The major highlights of the project are as follows:

Total capital requirement	:	Rs 1,13,435
Promoter's contribution	:	Rs 26,435
Annual sales realization (70% cap.)	:	Rs 4,39,500
Annual operating expenses (70% cap.)	:	Rs 3,06,015
Annual profit (pre-tax)	:	Rs 1,33,485
Pre-tax Return on Sales	:	30%
Break Even Point	:	40%
No.of persons employed	:	7

Suppliers of Machinery

All machineries and equipment are available in the local market.