

MUGA & MULBERRY SILK WEAVING

Introduction:

Weaving is a way of life and an integral part of the weaving community residing in the North Eastern Region. More than 50% of the total looms found all over India exist in this region. The Assam silk and muga not only holds an important place in the handloom sector in the national market but has also a great demand in the international market.

Market Potential:

There exists a great potential for muga and silk fabrics and garments in the local, national as well as international market. Care should be taken to upgrade the quality and design of the items in order to meet the international demand. Although there are a number of units in Assam, yet there are still scope for a few more units to come up.

Plant Capacity:

Average daily production envisaged: 3 Nos. (Mekhela-chaddar & Saree)

Working days/year	:	300
Annual production	:	900 Nos. (400 Nos. of Mekhela-Chaddar) 500 Nos. of Sarees

Raw materials:

Muga yarn	:	125 Kg.
Silk yarn	:	225 kg.
Dolly yarn (for design)	:	3360 Nos.

Process:

The major process steps are –

Pre loom process:

- Sorting of yarn
- Dyeing where necessary
- Winding
- Warping
- Fitting in looms for weaving

Post loom process:

- Cutting as per requirement
- Packaging

Machinery:

The major equipment required are –

8. Plain loom & Accessories
(A. Frame – 3 Nos.
(B. Slay – 3 Nos.
(C. Beam – 6 Nos.
(D. Charkha – 3 Nos.
(E. Reed (52 x 60) – 3 Nos.
(F. Bobbin – 36 Nos.
(G. Shuttle – 3 Nos
2. Loom with Dubby machine & Accessories:
(A. Frame – 2 Nos.
(B. Slay – 2 Nos.
(C. Dubby machine – 2 Nos.
(D. Charkha – 2 Nos.
(E. Reed (100 x 60) – 1 No.
(F. Bobbin – 200 Nos.
(G. Purn – 50 Nos.
(H. Shuttle – 2 Nos.
(I. Card – 600 Nos.
(J. Punching Plate – 2 Nos.

3. Other Accessories

Total Cost : Rs 49,965/-
Say Rs 50,000/-

Infrastructure:

The major infrastructure requirement are –

Covered Area	: 750 sq.mt.(Working space + Office room & show-room)
Power	: 1.5 KW.
Water	: 1000 L/day

Location:

The suggested locations are –

Preferably in district headquarter of Assam.

Total Capital Requirement:

The total capital requirement including fixed capital and working capital is estimated at Rs 7,85,322 as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 6,42,113.

A. Fixed Capital:		(Rs in lakh)
Land & building	:	Own
(750 sq.ft working shed +	:	0.25
Office room + show-room)		
Plant & Machinery		4.50
Miscellaneous fixed assets		0.50
Preliminary and pre-operative expenses		0.30
		<u>0.10</u>
	Total (A)	5.65
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B. Working Capital:		(Rs)
Raw materials & Packing material	½ month	40,570
Finished goods	½ month	54,326
Working expenses	1 month	18,760
Receivables	10 days	<u>1,06,666</u>
	Total (B)	2,20,322
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	Total (A)+(B)	7,85,322

Note: Working capital may be financed as:

Bank Finance	Rs 1,43,209
Margin Money	Rs <u>77,113</u>
		Rs 2,20,322
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Means of Finance:

Promoter's contribution (35%)	Rs 2,24,740
Term Loan (65%)	Rs <u>4,17,373</u>
	Rs 6,42,113
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Operating Expenses:

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

		(Rs.)
1.	Raw materials:	7,93,400
2.	Packing materials	48,000
3.	Utilities	11,520
4.	Wages & Salaries	2,13,600
5.	Other overheads	12,000
6.	Selling expenses @ 5% on annual sales	1,30,000
7.	Interest on term loan	53,215
8.	Interest on Bank Finance for working capital	17,901
9.	Depreciation @10% on m/c	<u>50,000</u>
	Grand Total	13.29,636
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Sales Realization:

Sl.No.	Items	Qty.	Rate (Rs)	Annual Sales Realization (Rs)
1..	Mekhela Chaddar			
	– Silk	300 Pair	2000/-	6,00,000
	– Muga	100 Pair	3500/-	3,50,000
2.	Sarees			
	– Silk	300 Nos.	2500/-	7,50,000
	– Muga	200 Nos.	4500/-	9,00,000
	TOTAL			26,00,000

Profitability :

Based on the sales realization of Rs 26,00,000 and the operating expenses of Rs. 13,29,636, the profit at rated capacity utilization would be Rs 12,70,364 per year. This works out to a return on investment of 161%. The plant will break even at 52% of the rated capacity.

Highlight:

The major highlights of the project are as follows:

Total capital requirement	:	Rs 7,85,322
Promoter's contribution	:	Rs 2,24,740
Annual sales realization (70% cap.)	:	Rs 26,00,000
Annual operating expenses (70% cap.)	:	Rs 13,29,636
Annual profit (pre-tax)	:	Rs 12,70,364
Pre-tax Return on Sales	:	49%
Break Even Point	:	52%
No.of persons employed	:	10

Suppliers of Machinery

1. M/s Guwahati Tatshal
Panbazar Main Road,
Guwahati – 781 001
2. M/s Kumar Stores,
Fancy Bazar,
Guwahati – 781 001