BAMBOO AND CANE FURNITURE MANUFACTURING

1. Introduction

Furniture items like tables, chairs, stools and small fancy items are made from cane and bamboo. Cane and bamboo furniture's are attractive and elegant.

2. Market potential

Both upper and middle class people, restaurant and guesthouses demand such furniture. The making of furniture from cane and bamboo is regarded as local handicrafts and the State Governments are also promoting these handicrafts. The furniture made from cane are very attractive, it has a great demand in the market

3. Technical details & manufacturing process

The unit is aimed to produce different furnitures like sofa set, chairs and other decorative items by using bamboo & cane materials. With regard to manufacturing process, these materials are cut to the required size and length. Design and carvings are made and these parts are then joined together with the help of nails etc. as deemed fit for the end product. These products are subsequently polished by varnish.

(a) Land & building

A built up area of at least 100 sq.mt. is required for this project. This can be rented easily and the rent amount is likely to be around Rs.2000/- month.

(b) Plant & machinery

S. No.	Particulars	Quantity	Amount (in Rs.)
1.	Portable drilling machine 1/4" cap	5 nos.	25,000.00
2.	Carpentry tools, work benches, clamps, vice etc.	L.S	15,000.00
3.	Painting brush & other accessories	L.S	10,000.00
	TOTAL		**50,000.00**

(c) Misc. fixed assets

S. No.	Particulars	Amount (in Rs.)
1.	Furniture & fixtures	10,000.00
2.	Electrification	10,000.00
	TOTAL	**20,000.00**

(d) Preliminary & preoperative expenses

This includes initial travel, legal documentation and interest during implementation, Rs.10,000/- has been considered under this head.

(e) Manpower requirement

S. No.	Particulars	Nos.	Salary /Month	Total (In Rs.)
1.	Skilled labour	2	2,500.00	5,000.00
2.	Semi-skilled labour/helpers	3	1,000.00	3,000.00
			TOTAL	**8,000.00**

(f) Utilities

This includes expenses incurred for power, water and fuel etc. and Rs.1000/- per month is considered for the scheme.

(g) Other expenses (per month)

S. No.	Particulars	Amount (in Rs.)
1.	Rent	2,000.00
2.	Stores & spares	500.00
3.	Sales & Marketing, transport exp.	1,000.00
4.	Misc. expenditure	1,000.00
	TOTAL	**4,500.00**

4. Cost of project

S. No.	Items	Total cost (in Rs.)
1.	Building	Rented
2.	Plant & machinery	50,000.00
3.	Misc. Fixed Assets	20,000.00
4.	Preliminary & Pre-operative expenses	10,000.00
5.	Working capital Margin	33,000.00
	TOTAL	**1,13,000.00**

5. Means of finance

S. No.	Source	Amount (in Rs.)	% age
1.	Promoter's contribution	3000.00	2.65
2.	MML - SCA	12,000.00	10.62
3.	Term loan – NSTFDC	98000.00	86.73
	TOTAL	**1,13,000.00**	**100.00**

Note: The State Channelising Agencies shall arrange to provide subsidy to beneficiary(ies) as per norms of their Corporation. Further, SCAs may also make efforts to avail incentive/subsidy from other centrally sponsored schemes.

6. Raw material requirement

S. No.	Particulars	Quantity	Unit cost	Total cost (in Rs.)
1.	Cane & bamboo materials	L.S		50,000.00
2.	Nails, screws etc.	20 packets	25.00	500.00
3.	Varnish	20 ltr.	50.00	1,000.00
4.	Painting brush	10 nos.	100.00	1,000.00
			TOTAL	**52,500.00**

7. Working capital requirement

S. No.	Particulars	Amount (in Rs.)
1.	Raw materials	52,500.00
2.	Salary & wages	8,000.00
3.	Other expenses	4,500.00
4.	Utilities	1,000.00
	TOTAL	**66,000.00**
		Amount (in lakhs)
5.	Total working capital requirement 2 months x 0.66	1.32
6.	Working capital margin @ 25%	0.33

8. Sales (per month)

S. No.	Particulars	Quantity	Unit cost	Total cost (in Rs.)
1.	Sofaset (big size)	25	1,500.00	37,500.00
2.	Sofaset (medium size)	20	1,000.00	20,000.00
3.	Chairs	20	500.00	10,000.00
4.	Decorative items	20	300.00	6,000.00
			TOTAL	**73,500.00**

9. Project economics

(Rs.in lakhs)

S. No.	Particulars	From 1st year onwards
A.	**No. of working days in a year**	300 days
B.	**Sales Realisation (Rs. 73,500/ months x 12 months)**	8.82
C.	**Cost of production**	
(i)	Raw materials	6.30
(ii)	Salary & wages	0.96
(iii)	Other expenses	0.54
(iv)	Utilities	0.12

(v)	Sustenance allowance	0.18
	Total cost of production	**8.10**
D.	**Gross profit (A-C)**	**0.72**
E.	**Interest (Working capital & term loan)**	**0.19**
F.	**Depreciation (20%)**	**0.08**
G.	**Profit before tax**	**0.45**
H.	**Tax liability**	**-**
I.	**Profit after tax**	**0.45**
J.	**Cash profit**	**0.53**

10. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 5 years)	0.22
2.	Return on investment	39.82%
3.	Debt service coverage ratio	1.75

11. Interest, moratorium & repayment period for beneficiaries

(a) Interest : 6% p.a. on NSTFDC term loan

(b) Moratorium period : 6 months from date of release of funds by SCA.

(c) Repayment period : 5 years excluding moratorium period.

12. Assumptions/remarks

- Optimum working capital cycle has been considered for calculating the requirements. Raw materials shall be procured from local areas and quotations, wherever applicable may be obtained.
- The cost of project will vary in different States & Regions.
- It is assumed that the products have good demand, and the promoters have sound experience in the relevant fields.