BRICKS MANUFACTURING

1. Introduction

Brick making activity does not require very high quality technical details and materials are available locally. This type of unit can be established in village/rural areas. Since it is labour intensive activity, it generates a lot of employment opportunities for rural folk.

2. Market potential

Due to boom in real estate business and construction activity, there is huge demand for bricks.

3. Technical details

This is small scale activity usually carried out by village people and no need for construction of exclusive brick chamber under this scheme. Bricks are stacked in such a way that, in the gaps fire wood/coal is placed for firing the bricks. The manufacturing process involves mixing the clay with water, sand, lime and ash in proper proportion. This mixture is worked well and brought into semisolid state and is placed in brick moulds. The main requirement of material is clay and coal/fire wood. Wet bricks are allowed to dry openly.

4. Cost of project

S. No.	Items	Total cost (in Rs.)
1.	Land	Own/Lease
2.	Worker shed (thatched roof building)	30,000.00
3.	Brick moulds (100 Nos. @ Rs.100/mould)	10,000.00
4.	Borewell connection & hand pump installation charges	17,000.00
5.	Push carts (hand driven) (10 Nos. @ Rs.2000)	20,000.00
6.	Working Capital	33,000.00
	TOTAL	**1,10,000.00**

5. Means of finance

S. No.	Source	Amount (in Rs.)	%age
1.	Promoter's contribution	3,000.00	2.73
2.	MML (SCA)	12,000.00	10.91
3.	NSTFDC - Term Loan	95,000.00	86.36
	TOTAL	**1,10,000.00**	**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. Working capital requirement

S. No.	Particulars	Amount (In Rs.)
1.	Royalty charge for clay	5,000.00
2.	Transport charge for clay for 1 lakh bricks @ Rs.250/trip for 60 trips	15,000.00
3.	Sand, lime,	5,000.00
4.	Coal – 2 T @ Rs.8000/ton	16,000.00
5.	Labour expenses for brick making @ Rs.100/1000 bricks for 1 lakh bricks	10,000.00
6.	Stacking expenses	5,000.00
7.	Loading/unloading	5,000.00
8.	Thatches to cover unburnt bricks	4,000.00
	TOTAL	**65,000.00**
9.	Working capital for 2 months	1,30,000.00
10.	Working capital margin @ 25%	32,500.00
	SAY	**Rs.33,000.00**

7. Cost of production and profitability statement

S. No.	Particulars	From 1st year onwards
1.	No. of cycle a year	6
2.	Quantity of bricks prepared in one cycle	1 lakh
3.	Quantity of good quality burnt bricks available/cycle	85,000
4.	Cost of brick	Rs.1.00

8. Project economics

S. No.	Particulars	Amount (Rs. in lakhs)
A.	**Sales Realisation**	5.10
B.	**Cost of production**	
(i)	Royalty charge for clay	0.30
(ii)	Transport charge	0.90
(iii)	Sand, lime, flinders	0.30
(iv)	Coal	0.96
(v)	Labour expenses	0.60
(vi)	Stacking expenses	0.30
(vii)	Loading/unloading	0.30
(viii)	Thatches	0.24
(ix)	Sustenance allowance	0.24
	TOTAL	**4.14**
C.	**Gross profit**	**0.96**
D.	**Interest/working capital/TL**	**0.18**
E.	**Depreciation**	**0.15**

F.	**Net profit**	**0.63**
G.	**Cash profit**	**0.78**

10. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 5 years)	0.21
2.	Return on investment	57.27%
3.	Debt service coverage ratio	2.46

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.