

FURNITURE SHOP

1. Introduction

The project is for setting up a shop for sale of furniture. Depending upon the taste and purchasing power of the local people, the unit will select the type and quality of furniture to be sold from the sales unit. Attempt should be made to locate the unit in the market place, so that it attracts maximum number of people.

The proposed unit will sell furniture of moderate quality at affordable price for middle class people. The unit will keep, on an average, one item each on display in the showroom and shall prepare comprehensive catalogues with specifications, price lists etc. so that buyers can take on the spot decisions. The unit will have necessary tie-up with nearby reliable SSI manufactures of furniture. The unit will supply the products to the customers from the showroom.

The unit has to take the shop premises in a commercial area and get license from local Municipality/Corporation to run the shop. Provision for electricity, infrastructure arrangements etc. may take about two months before regular sales of furniture from the shop start.

2. Market potential

The sales turnover will largely depend on the advertisement and publicity drive. Offering cash discount/ incentive schemes, hire purchase schemes, distributing leaflets to houses through newspapers with the help of newspaper vendors, pasting poster in public places, showing slides in local cinema houses, introducing incentives for salesman etc. are some of the sales techniques proposed. The word of mouth of customers plays a vital role in publicity and, therefore, the shop owner should pay major attention to satisfy customers. Bulk demand is expected from offices, hotel/ restaurants, hospitals and other places while retail sales are expected from individual customers visiting the sales counter. With, all round economic growth, demand for furniture is increasing and a good market potential exists.

3. Technical details

(a) Shop activities

The activities involved are arranging the showroom for optimum utilization of space available, proper illumination and display of items so as to attract customer attention. The unit will keep the items according to the expected needs of the customers and will have

the tie-up with nearby SSI manufactures to supply the items shown in their catalogue as quickly as possible. The unit will make necessary arrangement with local transporters for carrying furniture as and when needed, at reasonable rates. The unit will remain open during general shop hours (10.00 A.M. to 7.00 P..M., with ½ hour lunch break from 2.00 P.M. to 2.30 P.M.). The unit will make visiting cards with phone number etc. so that the customers can contact telephonically at any time.

(b) Project/business target (per annum)

S. No.	Particular	Amount (in Rs.)
1.	Sale of furniture of assorted type & sizes	12,00,000.00

4. Cost of project

S. No.	Particulars	Amount (in Rs.)
1.	Land & Building (shop size 70 sq. mt)	On rent
2.	Furniture and fixture (including office equipments, sales counter, show cases, light fittings etc.)	10,000.00
3.	Preliminary & pre-operative expenses	10,000.00
4.	Contingencies including cost escalation	10,000.00
5.	Working Capital	70,000.00
	TOTAL	1,00,000.00

5. Means of finance

S. No.	Particulars	Amount (in Rs.)	%age
1.	Promoter's contribution	2,000.00	2.00
2.	M.M.L. - SCA	8,000.00	8.00
3.	NSTFDC – Term Loan	90,000.00	90.00
	TOTAL	1,00,000.00	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. Utilities (per annum)

S. No.	Particular	Amount (in Rs.)
1.	Power (2KWx9 Hrs.x25 Daysx12 Monthsx4 per KWH)	21,600.00
	TOTAL	21,600.00

7. Manpower requirement

S. No.	Category	No.	Salary/ person/ month (Rs.)	Total Cost (In Rs.)
1.	Manager cum Accountant (Self)	1	5,000	5,000
2.	Sales man	1	3,000	3,000
3.	Helper	2	2,000	4,000
	TOTAL			12,000

8. Raw material requirement

Different furniture items out of the list in the printed catalogue and according to the expected/ actual demand of the customers worth Rs.70, 000 on an average (Ex-show room cost as procured from the manufactures).

9. Working capital requirement

S. No.	Items	Period (Months)	Amount (in Rs.)
1.	Furniture for sale (Assorted types, sizes etc.)	1	70,000.00
	TOTAL		70,000.00

10. Project economics (Annual)**A. Sales realization**

S. No.	Particular	Amount (in Rs.)
1.	Sale of furniture of assorted type & sizes (Refer list at the end of the report)	12,00,000.00
	TOTAL	12,00,000.00

B. Cost of production

S. No.	Particular	Amount (in Rs.)
(i)	Finished saleable goods (Different types of steel furniture items) (Refer list at the end of the report)	8,40,000.00
(ii)	Utilities	21,600.00
(iii)	Salaries & wages	1,44,000.00
(iv)	Rent (Rs. 2,500/ month x 12 months)	30,000.00
(v)	Transportation/ Freight	30,000.00
(vi)	Conveyance & Travelling	6,000.00
(vii)	Administrative overheads (Telephone, postage, stationery etc)	6,000.00
(viii)	Selling expenses	4,500.00
(ix)	Insurance	6,000.00

(x)	Interest	5,880.00
(xi)	Miscellaneous	6,000.00
	TOTAL	10,99,980.00
C.	Cash profit (A-C)	1,00,020.00
D.	Depreciation @ 15@ on fixed assets	1,500.00
E	Profit before tax (D-E)	98,520.00
F.	Taxes	10,000.00
G.	Profit after tax	88,520.00

11. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 5 years)	19,600.00
2.	Return on investment	88.52%
3.	Debt Service Coverage Ratio	3.76

12. 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.

13. General remarks

- ❑ The cost of plant & machinery has been taken on the basis of items manufactured by Standard/ reputed suppliers having sound service network. The suppliers shall preferably be based in local areas or nearby States.
- ❑ Optimum working capital cycle has been taken for calculating the requirements.
- ❑ The cost of project will vary in different States & Regions .
- ❑ It is assumed that the services have good demand, and the promoters have sound experience in the relevant fields

14. List of furniture to the stocked for sale
(Quantity to stocked = Preferably 1 No. each)

S. No.	Items	Tentative cost price (Rs.)/ price (as offered by manufacturer)
1.	Steel Almirah (Size – 1980x910x485 mm)	5,000.00
	(special type) (Size – 1980x910x485 mm)	4,500.00
	(ordinary type) (Size – 1280x765x430 mm)	3,000.00
2.	Wardrobes (Size – 1980x910x560 mm)	5,300.00
	(Size – 1980x965x560 mm)	5,700.00
	(Size – 1980x1070x610 mm)	6,800.00
3.	Industrial locker (Size – 910x305x430 mm)	5,500.00
	(Size – 450x450x430 mm)	5,700.00
	(Size – 450x305x430 mm)	6,000.00
4.	Book case (Size – 1675x840x305 mm)	3,200.00
	(Size – 840x840x305 mm)	2,000.00
5.	Racks (Size – 2285x980x550 mm)	6,500.00
	(Size – 2285x885x550 mm)	3,500.00
6.	Clerk's table (Size – 910x610x750 mm)	2,000.00
	(Size – 1220x610x750 mm)	2,500.00
	(Size – 1220x750x750 mm)	2,800.00