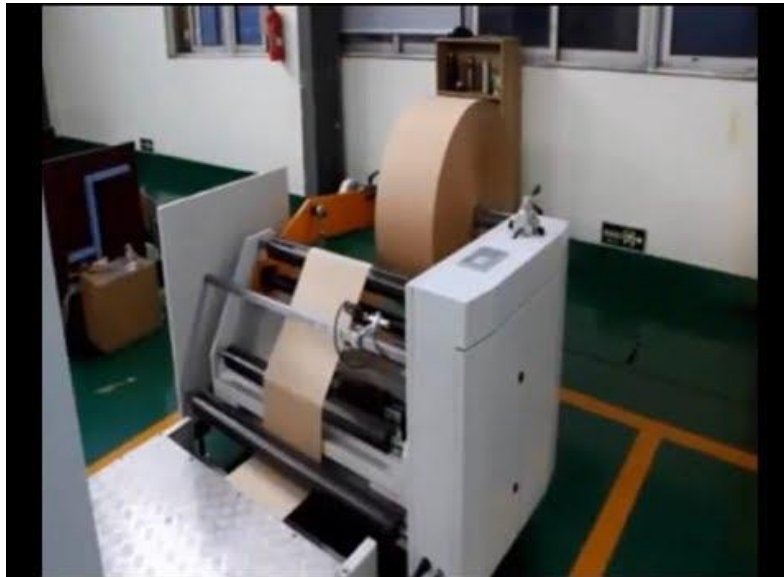




PROJECT REPORT ON PAPER BAG MAKING UNIT



Govt. of Uttarakhand

Directorate of Industries, Uttarakhand

Industrial Area Patel Nagar, Dehradun.

Tele No: 0135-2728227 | Fax No : 2728226

Website- www.doiuk.org | Email- mpr@doiuk.org



PROJECT HIGHLIGHTS

PROPRIETOR	:	XXXXX
ADDRESS OF THE PROPRIETOR	:	YYYYY
		DIST..... STATE.....
CONSTITUTION	:	PROPRIETORSHIP
CATEGORY OF UNIT	:	MICRO UNIT
FATHER NAME	:	XXXXXX
DATE OF BIRTH	:	XX-YY-ZZZZ
CATEGORY OF THE PROPRIETOR	:	XXXXXX
QUALIFICATION	:	XXXXXX
LOCATION OF UNIT	:	XXXXXX
PROPOSED PROJECT	:	PAPER BAG MAKING UNIT
NAME OF SCHEME	:	PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME
UNIT (OWN/RENTED)	:	OWNED/RENTED
<u>(A) TOTAL COST OF PROJECT</u>	:	Rs.10,00,000.00
(1) Fixed Capital	:	Rs. 6,00,000.00
(2) Working Capital Limit	:	Rs. 4,00,000.00
<u>(B) MEANS OF FINANCE</u>	:	Rs. 10,00,000.00
(1) Term Loan for Machinery	:	Rs. 5,50,000.00
(2) Working Capital Limit	:	Rs. 4,00,000.00
(3) Promotor's Contribution	:	Rs. 50,000.00
SUBSIDY UNDER PMEGP	:	Rs. 3,50,000.00
EMPLOYMENT POTENTIAL	:	10 PERSON
NORMAL WORKING HOUR	:	8 HOUR



INTRODUCTION

Plastic, although considered as one of the greatest inventions by virtue of its use in carrying things has become a major element in polluting the environment. It is almost impossible to destroy plastic bags. Plastic bags remain in the soil for centuries, defiling the soil, preventing it from replenishing its nutrients, and rendering it barren. This ultimately results in fertile land becoming barren and turning into desert. It is estimated that the life expectancy of plastic bags is around 250 years. Paper bags on the other hand, come from wood, which comes from trees, which grow in the earth's soil. The trees needed to make paper bags are considered renewable resources. That means more trees can be planted to fulfil the gap of trees that are cut down to make paper and other products. Once paper is made, it can be recycled and used to create more paper goods. Bags made from paper are bio-degradable and hence highly environment friendly than plastic bags, which pose a threat to the environment.

PROMOTER & MANAGEMENT

The promoter is reported to have good financial standing presently. The Promoters is actively associated with the implementation of the project. Promoter is over all in charge of the working of the unit.

MARKET AND DEMAND

Due to the increasing awareness of the hazards of plastic bags to the environment among the public and the ban imposed on plastic bags throughout India and abroad by the governments, there is a great demand for eco-friendly paper bags. The Eco-friendly Paper bag manufacturing industry is poised for a higher growth with a bright future.



MAJOR BENEFITS OF THE PROJECT

- I. Easy availability of material.
- II. Job opportunity for local people.

FURNITURE, FIXTURES ETC.

The total estimated cost of required Furniture & Fixtures would be Rs.- 45,000.00/-.

PREOPERATIVE EXPENSES

The total estimated cost of required Preoperative Expenses would be Rs.- 5,000/-.



PLANT, MACHINERY AND EQUIPMENTS

Plant, Machinery, Tools, Shed and other equipment's required for the proposed unit are available indigenously. The various items required for installation of Rs. 5,50,000/- details as per quotation attached herewith.

QUALITY CONTROL

The concern proposed to set up above unit for which provision testing equipment have been proposed in the project report.

TECHNICAL KNOW- HOW

The process for sale of products is simple and no sophisticated technology is involved. There is no requirement of any type of technical knowhow.

TRANSPORTATION

The proposed location is connected by road and near to the city. Thus the unit is not likely to face difficulty on account of transportation.

UTILITIES

a) **Power:**

The total connected load for the smooth operations of the unit has been estimated and Electricity connection will be obtained as per required load including lighting load if required.

b) **Water:**



The water will be available. Necessary provision for storage of water and water supply has been made in the project cost.

MANPOWER

The unit would require total manpower of person of different category. The details of salary/wages proposed to be paid together with annual Salary/wages bill is given in separate annexure.

DEPRECIATION

The depreciation on fixed assets has been computed in annexure of this project report in accordance with the admissibility of the same under the Income Tax Act, 1961.

TRAINING

Applicant has to complete two week EDP training specially designed for the purpose, which will be organized by KVIC/KVIB/DIC or the institution organized by or under the administration control of Minister of MSME or any other training center of repute before disbursement of loan by the bank. After the successfully completion of EDP training arranged by the KVIC/KVIB/DIC, the beneficiary will deposit his own contribution in the bank as per the guideline of scheme.

CAPITAL SUBSIDY UNDER PMEGP

Unit is eligible to get capital subsidy under Prime Minister Employment Generation Programme 35% of the total cost of the project (except cost of land). Total subsidy to be received Rs. 3,50,000/-



TERM LOAN AND WORKING CAPITAL LOAN PMEGP SCHEME

The unit proposed to have Term loan UNDER PMEGP of Rs. 5,50,000/- & working capital limit of Rs. 4,00,000/- Own contribution of unit will be Rs. 50,000/-, which is five percent of total cost of project. The total project cost will be Rs.1,00,000/-.

LOAN REPAYMENT SCHEDULE

Total Term Loan	:	Rs. 5,50,000/-
Total Duration	:	5 Years
From the next year		
Each yearly instalment	:	Rs. 1,10,000/-
Total instalments	:	Rs. 1,10,000*5 = Rs. 5,50,000/-
<hr/>		
Total		Rs. 5,50,000/--
<hr/>		

INTEREST COMPUTATION

Interest computation is given in Annexure 6.

PROJECTED INCOME/PROFITABILITY

The projected Income & profitability statement has been shown in the attached profit & loss account. Projected Balance sheet for the next five years is also enclosed as here for the reference.



ECONOMIC VIABILITY

Based on the projections attached it is observed that sufficient revenue shall be generated through operations served & it indicates the economic viability of the proposal. Hence the project can be considered as economically favourable and viable.

CONCLUSION

Based on the grounds discussed aforesaid it is concluded that project is economically & feasibly viable and should be considered favourably.



PAPER BAG MAKING UNIT

ADDRESS:XXXXX

FINANCIAL ASPECTS OF THE PROJECT

A. FIXED CAPITAL

I-Plant & Machineries:

S.No	Particulars	No.	Rate (Rs.)	Amount(Rs.)
1	Paper Bag Making Machine. Medium with gazetting facility, Bottom & Centre Pasting, with 3 set o size plates & gear; with 2 HP Electric Motor & Control Panel, complete in all respects. (Flat Bags Min. Size: 10X18 Cms. Max. Size: 28X50 cms	1	500000	500000
2	Electrification & Installation of Machines			30000
3	Tooling & Accessories & Hand Tools			20000
	TOTAL			550000

II-Other Fixed Assets:

S.No	Particulars	Amount (Rs.)
1	Furniture for unit like racks, chair etc.	30000
2	Other equipments like fan, electrification etc.	15000
	TOTAL	45000



III-Preliminary & Pre-operative expenses:

S.No	Particulars	Amount (Rs.)
1	Transportation of Machinery / Equipments	3000
2	Misc. Expenses (Electric fitting , Board etc)	2000
	TOTAL	5000

TOTAL FIXED CAPITAL

S.No	Particulars	Amount (Rs.)
1	Machinery and Equipments	550000
2	Other Fixed Assets	45000
3	Preliminary and Pre Operative Expenses	5000
	TOTAL	600000

B. WORKING CAPITAL

I- Raw Material (Per Month):

S.No	Particulars	UOM	Qty.	Rate (Rs.)	Amount (Rs.)
1	Recycled Kraft Paper of 60 GSM & 40 GSM Assorted sizes(Width)	MT	13	22000	275000
2	Glue suitable for Kraft Paper envelops	KG	250	15	3750
3	Consumables				1250
	TOTAL				280000

**II- Man power (Per Month):**

S.No	Particulars	Nos	Salary	Amount (Rs.)
1	Manager cum supervisor	1	20000	20000
2	Skill Manpower	2	15000	30000
3	Semi Skilled Manpower	3	8000	24000
	TOTAL			74000

III- Utilities (Per Month):

S.No	Particulars	Amount (Rs.)
1	Electricity	5000
2	Phone bill	2000
3	Rent	5000
	TOTAL	12000

IV- Misc. or other expenses: (Per Month)

S.No	Particulars	Amount (Rs.)
1	Repair & Renewal	25000
2	Other	9000
	TOTAL	34000

TOTAL WORKING CAPITAL (Per Month)

S.No	Particulars	Amount (Rs.)
1	Raw Material	280000
2	Manpower	74000
3	Utilities	12000
4	Misc. Expenses	34000
	TOTAL	400000



C-ANNUAL SALES REALISATION

S.No	Particulars	UOM	Qty.	Rate	Amount (Rs.)
1	Recycled Paper Carry Bags (Lifafas) of assorted sizes	MT.	200	29000	5800000
	Total				5800000

**D-BREAK EVEN POINT
(BASED ON FIRST YEAR OF OPERATION)**

S.No	FIXED COST	Amount (Rs.)	
1	Interest on loan	58701	
2	Depreciation	88000	
3	Man power expenses (30%)	266400	
4	Operating expenses (30%)	1173600	
	Total	1586701	
	BEP =	Fixed Cost * 100	158670104
		Fixed Cost + Net Profit	2094577
			75.75



PAPER BAG MAKING UNIT

ADDRESS:XXXXX

Annexture-1

PROJECTED BALANCE SHEET

(Rs. In '000)

PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
A-SOURCES:-					
I) CAPITAL / OWN CONTRIBUTION	50	558	1134	1763	2444
ADD:- PROFIT	508	576	629	681	732
TOTAL	558	1134	1763	2444	3176
II) LOAN FUNDS					
<u>SECURED LOANS</u>					
Term Loan from Bank	440	330	220	110	0
C/C Limit from Bank	400	400	400	400	400
TOTAL (I+II)	1398	1864	2383	2954	3576
B- APPLICATION:-					
I) FIXED ASSETS					
GROSS BLOCK	595	595	595	595	595
LESS: ACC.DEPRICIATION	88	162	226	280	326
TOTAL	507	433	369	315	269
II) CURRENT ASSETS LOANS & ADVANCES					
PRELIMINARY EXPENSES	5	5	5	5	5
INVENTORIES	280	294	308	322	336
SUNDERY RECEIVABLES	483	508	532	556	580
CASH & BANK BALANCES	462	943	1465	2029	2536
LOANS & ADVANCES	100	150	200	250	400
TOTAL	1330	1900	2510	3162	3857
III) CURRENT LIABILITIES & PROVISIONS					
SUNDERY CREDITOR	280	294	308	322	336
PROVISION FOR TAXATAION	15	23	29	36	41
EXPENSES PAYABLE	144	151	159	166	173
TOTAL	440	469	496	523	550
IV) NET CUREENT ASSETS (II-III)	891	1431	2014	2639	3307
TOTAL	1398	1864	2383	2954	3576
Margin Money under PMEGP	350	350	350	-	-



PAPER BAG MAKING UNIT

**Annexure-
2**

ADDRESS:XXXXX

PROJECTED COST OF PRODCUTION AND PROFITABILITY

**(Rs. In
'000)**

Particulars	Operating Years				
	1st	2nd	3rd	4th	5th
Capacity Utilization	50%	55%	60%	65%	70%
A- INCOMES :					
GROSS RECEIPTS	5800	6090	6380	6670	6960
CLSOING STOCK	280	294	308	322	336
TOTAL (A)	6080	6384	6688	6992	7296
B- EXPENSES					
OPENING STCOK	0	280	294	308	322
PURCHASES AND CONSUMPTION	3640	3528	3696	3864	4032
SALARY & WAGES	888	932	977	1021	1066
UTILITIES EXPENSES	144	151	158	166	173
Total (B)	4672	4892	5125	5359	5592
C- GROSS PROFIT (A-B)	1408	1492	1563	1633	1704
ADMINISTRATIVE COST	408	428	449	469	490
SELLING & DISTRIBUTION EXPENSES	290	305	319	334	348
DEPRICIATION	88	74	64	54	46
FINANCIAL CHARGES					
Interest on Term Loan @11.75%	59	46	33	20	7
Interest on CC Limit @10%	40	40	40	40	40
D-TOTAL	885	893	905	917	931
E- PROFIT BEFORE TAX (C - D)	523	600	658	717	773
F- PROVISION FOR TAXATION	15	23	29	36	41
G- NET PROFIT AFTER TAX	508	576	629	681	732



PAPER BAG MAKING UNIT					
ADDRESS:XXXXX					Annexture-3
PROJECTED CASH FLOW STATEMENT					
					(Rs. In '000)
PARTICULARS	Operating Years				
	1st	2nd	3rd	4th	5th
<u>A-SOURCE OF FUND</u>					
1. Increase in Capital	50	-	-	-	-
2. Increase in Term Loan	550	-	-	-	-
3. Increase in C/C Limit	400	-	-	-	-
4. Profit / (Loss)	508	576	629	681	732
5. Depreciation added back	88	74	64	54	46
6. Increase in Creditors	440	29	27	27	27
TOTAL (A)	2035	680	720	762	805
<u>B-DISPOSAL OF FUND</u>					
<u>I) FIXED ASSETS PURCHASED</u>					
1. Furniture & Fixtures	45	-	-	-	-
2. Plant & Machinery	550	-	-	-	-
<u>II) CURRENT ASSETS</u>					
3. Increase in Stock	280	14	14	14	14
4. Increase in Debtors	483	24	24	24	24
5. Increase in Preliminary Exp.	5				
6. Increase in Loans & Advances	100	50	50	50	150
<u>III) OTHERS</u>					
7. Payment of Term Loan	110	110	110	110	110
8. Decrease in Creditors	0				
TOTAL (B)	1573	198	198	198	298
Opening Cash & Bank Balance	0	462	943	1465	2029
Surplus/(Deficit) (A - B)	462	481	522	564	507
Closing Cash & Bank Balance	462	943	1465	2029	2536



PAPER BAG MAKING UNIT

ADDRESS:XXXXX

Annexture-4

COMPUTATION OF DEPRECIATION

Depreciation under WDV Method:

(Rs. in '000')

Particulars	Furniture & Fixture	Plant & Machinery	Total
Rate as per I.Tax Act	10%	15%	
Value of Assets at beginning	45	550	595
1st year Dep.	5	83	88
Balance at the end of 1st year	40	467	507
2nd year Dep.	4	70	74
Balance at the end of 2nd year	36	397	433
3rd year Dep.	4	60	64
balance at the end of 3rd year	32	337	369
4th year Dep.	3	51	54
balance at the end of 4th year	29	286	315
5th year Dep.	3	43	46



PAPER BAG MAKING UNIT

ADDRESS: XXXXX Annexure-5

PROJECTED FINANCIAL RATIOS (Rs. In '000)

PARTICULARS		Operating Years					
		1st	2nd	3rd	4th	5 th	
1. CURRENT RATIO	CURRENT ASSETS	1330	1900	2510	3162	3857	
	CURRENT LIABILITIES	840	869	896	923	950	
	=	1.58	2.19	2.80	3.42	4.06	
		TIMES	TIMES	TIMES	TIMES	TIMES	
2. GROSS PROFIT RATIO	GROSS PROFIT	1408	1492	1563	1633	1704	
	SALES	5800	6090	6380	6670	6960	
	=	24.28%	24.51%	24.50%	24.49%	24.48%	
3. NET PROFIT RATIO	NET PROFIT AFTER TAX	508	576	629	681	732	
	SALES	5800	6090	6380	6670	6960	
	=	8.76%	9.46%	9.85%	10.21%	10.51%	
4. DSCR	PAT+DEP.+INTT. ON TERM LOAN	655	696	726	755	785	AVER
	INTEREST+LOAN INSTALMENT	169	156	143	130	60	
	=	3.88	4.47	5.08	5.81	13.05	6.4
		TIMES	TIMES	TIMES	TIMES	TIMES	TIME
5. INTT. COVERAGE RATIO	PAT+DEP.+INTT. INTEREST	695	736	766	795	825	
		99	86	73	60	47	
	=	7.04	8.58	10.51	13.27	17.54	
		TIMES	TIMES	TIMES	TIMES	TIMES	
6. DEBT EQUITY RATIO	TOTAL TERM LIABILITY	440	330	220	110	0	
	TOTAL NET WORTH	558	1134	1763	2444	3176	
	=	0.79	0.29	0.12	0.05	0.00	
		TIMES	TIMES	TIMES	TIMES	TIMES	
7. STABILITY/GEARING RATIO	TOTAL OUTSIDE LIABILITY	840	730	620	510	400	
	TOTAL NET WORTH	558	1134	1763	2444	3176	
	=	1.51	0.64	0.35	0.21	0.13	
		TIMES	TIMES	TIMES	TIMES	TIMES	



PAPER BAG MAKING UNIT				
ADDRESS: XXXXX				
Loan Amount Rs. 550000				Annexture-6
Rate of Interest 11.75%				
Tenure			5 Years	(Rs. In '000)
Sl.No.	Instalment	Interest	Principal	Balance Loan
1st Year	169	59	110	440
2nd Year	156	46	110	330
3rd Year	143	33	110	220
4th Year	130	20	110	110
5th Year	117	7	110	0



DISCLAIMER

This project report is only for the purpose of reference and will give an idea and guidance to budding and existing entrepreneurs on how to prepare a project Report. The readers will come to know about the key components of a project. Every earnest-effort has been made in collecting the data and information available on the subject from different offline and online sources. This report (including any enclosures and attachments) has been prepared solely for the purpose for which it is provided.

Department suggest entrepreneurs to survey the market properly to find the actual cost of fixed assets and working capital. The actual cost of the project or industry will vary according to different elements like location, local regulation, financial requirements of industry, capacity, type of industry, cost of resources and other direct and indirect costs related to the project.

Department hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content which is provided “as is” and “as available” basis without any warranties of any kind.

In no event shall Department will be liable for any damages whatsoever resulting from the use or inability to use the project report content.

Prepared by



**THE NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT (NIESBUD)**
(Ministry of Skill Development and Entrepreneurship, Govt. of India)
HEAD OFFICE : A-23, Sector-62, NOIDA-201309 (U.P.)
Web. : www.niesbud.nic.in
**REGIONAL OFFICE : NSTI Campus, Green Park Colony, Niranjanpur,
PO - Majra, Dehradun - 248171 (Uttarakhand)**