

# PROJECT REPORT

Of

## MONJ DECORATIVE ITEM MAKING UNIT

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Monj Decorative Item Making Unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

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**PROJECT AT A GLANCE**

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx  
Pin: xxxxxx State: xxxxxxxxx  
Mobile : xxxxxx
- 5 Product and By Product : **MOONJ DECORATIVE ITEMS**
- 6 Name of the project / business activity proposed : **MOONJ DECORATIVE ITEMS MAKING UNIT**
- 7 Cost of Project : Rs.9.13 Lakhs
- 8 Means of Finance  
Term Loan Rs.5.22 Lakhs  
Own Capital Rs.0.91 Lakhs  
Working Capital Rs.3 Lakhs
- 9 Debt Service Coverage Ratio : 3.00
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 44%
- 13 Employment : 8 Persons
- 14 Power Requirement : 4.00 HP
- 15 Major Raw materials : Moonj/ Kassa Grass, Kaccha Rang, Edible Salt
- 16 Estimated Annual Sales Turnover (Max Capacity) : 67.38 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building / Shed 1000 Sq ft	5.00
Furniture & Fixtures	0.80
Working Capital	3.33
<b>Total</b>	<b>9.13</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	0.91
Working Capital(Finance)	3.00
Term Loan	5.22
<b>Total</b>	<b>9.13</b>

## MOONJ DECORATIVE ITEMS MAKING UNIT

Utility and Decorative products



### 2. Introduction:

Uttar Pradesh has a custom of making baskets for regular uses and for special occasions by coiling the external layers of the grass called moonj. This craft is practiced mostly by Ladies.

Handicrafts have been perceived as the single biggest rustic business giving area after farming in many creating and immature locales of the world. These items are special articulations of a specific culture or local area through neighborhood craftsmanship and materials.

Moonj and rara are kinds of wild grass which develop close to the banks of the waterways around Allahabad. Moonj is external layer of the grass which is stripped and hitched. This craftsmanship is been drilled from the last 60 to 70 years. The grass is cut throughout the colder time of year and the strip of the stalks is forgotten about in dew for quite a long time to help its tone. Numerous spilts are colored in brilliant tone and restricting is done these days with plastic strips, glitter or material. The themes of basketry are made by adding hued grass in the middle. The Moonj curled grass items are ideal to fill every day life needs. These regular items can be utilized as holders, food stockpiling gadgets and divider decorators. The items are straightforward, alluring and eco-accommodating.



Coiling is a basketry technique used by rural women in Allahabad, Amethi and Sultanpur districts in eastern Uttar Pradesh to make objects for use in the kitchen. The baskets are used in the kitchen for storing flour and food grains.

The twining of the baskets these days is being finished with material like bright plastic strips, sparkle and fabric. They are so firmly curled that they are practically waterproof and durable. This art is drilled generally by ladies. The ladies assemble crude materials from the processing plant and make items at their

accommodation after they finish day by day errands. This art has been passed down across the ages that have kept it alive. Likewise, the art has conventional importance as the items are given as blessings to ladies in ceremonial capacities and weddings. The craft of bushel weaving is as old as ceramics. The antiquated itinerant food finders wove reeds together to plan bins to hold their food or different collectibles. Afterward, with the approach of various societies, basketry came to fruition both for every day use and ceremonial purposes. Unique examples have advanced by neighborhood conventions and strategies. In spite of the fact that the cycle engaged with making these items hasn't changed over ages, yet regular colors are being utilized presently to make them alluring.

Originally, the colors were hardly used, but today if the item has to look impressive, bright colors which are natural dyes are generally preferred. While the most popular products include baskets, table mats and containers, new designs include earrings, fruit baskets and hand purses.

### **3. Market Potential:**

It's a one-piece craft. Once a certain type of design is made, it can't be actually duplicated which gets troublesome if there should be an occurrence of mass requests. Direct Create is committed to associating India's high quality conventions with the worldwide commercial center to make another plan worldview — one that drives development, spikes inventiveness and enables networks. During Wedding times and celebrations season, these brokers likewise put ahead of time requests for Moonj-makes. Other than these merchants of city, there are a few dealers of Delhi, Varanasi, and Lucknow who also occasionally purchase Moonj-crafts in the supply demand chain for selling to final consumers with suitable profit margins.

At first the Kaasa grass is dried and it is wrapped with the moonj grass by moving around Kaasa. The items are basically sent out to significant urban areas like Mumbai, New Delhi, Banaras, and Kanpur for the advertising purpose.

#### **4. Product Description:**

**4.1. Product Uses-** Locals are occupied with making different sorts of embellishing and family unit items from moonj such pots, pen stands, moonj plates, chapati worker and so forth The skilled workers make these items without utilizing any high level hardware.

**4.2. Raw Material-**The Raw-materials needed in making Moonj-crafts are:

- Moonj and Kaasa - The main raw material is procured in bulk once in year from Mehwa and surrounding areas. October is the best season to buy the raw material.



- Kaccha Rang- The artificial raw color powder which is available in local markets is used to color the grass.
- Edible salt is used to add with the dye solution.

Average raw material cost of Moonj grass items per unit will be Rs. 120-150 (Approx.)

**4.3. Manufacturing Process:** The artisanal products are produced by artisans either completely by hand or with the help of hand-tools or even mechanical means as long as the direct manual contribution of the artisan remains the most substantial component of finished product.

- The traditional coiling technique is used to create the traditional and contemporary products.
- The process starts by drying the grass. Both the Moonj and Kaasa grass are dried under the sun for 2 days.
- Dried Moonj grass is made into small knots which are called ‘Balla’ locally. This Balla is soaked in cold water for some time before coiling to ensure flexibility.
- The grass Kaasa is used as inside stuffing, wherein Moonj is used to wrap around Kaasa grass to make coil.



- The formed coil is winded in a series to make the base of basket. Once the base is formed, the walls of the basket are made using the same technique.
- These coils are stitched together to make the basket strong. The motif patterns are created by using colored grass.

- The handles of the basket are made and attached by stitching with the grass.

Dyeing is done to color the grass.

- Kaccha rang-raw colors are used to dye the grass.
- Water is boiled at high temperature in aluminum container and the color powder is added to it.
- The dried off-white Moonj grass is immersed in the boiling solution to absorb the color.



- During the dyeing process salt is added to the boiling solution as it helps to sustain the color for a longer period.
- The grass is removed once it attains color and allowed to dry under shade.

The dyed grass is mainly used to create and highlight the motif patterns. Red and green are the two main dominating colors used in basket weaving. Purple, brown, pink colors are rarely used as per the customer requirement.



## **5. Project Components:**

**5.1. Land-** The approximate total area required for complete small scale factory setup is 1000-1200Sq. ft. approximately.

**5.2. Civil Work-** Micro, small and medium enterprises are engaged in this work accounting for the total manufacturing units.

- **Workshop Area-** This zone incorporates the apparatus arrangement and establishment space for all types of gear, work floor zone, and fundamental cutting grass, sewing and forming. All out workshop region is approx. 500Sqft.
- **Inventory Area-** This zone incorporates the extra room for all the crude materials, tooling and kick the bucket extra room and completed merchandise. Absolute stock region is approx. 200Sqft.
- **Office Area –** Total workshop area is approx. 200Sqft. This may be considered above the ground floor.
- **Parking Space, Electricity Utensils Mounting Space, and Others.** This could be approx. 200Sqft.

Land and building requirement may vary depending on the size of project. Civil work cost will be Rs 5 Lac (Approx.).

**5.3. Stores & Spares -** The tools(hand) important in making Moonj- crafts include

- **Scissors -** It is used to cut the grass.
- **Sirahi-** A needle with wooden handle is used during basket making process.
- **Plastic tubs** are used to soak the raw materials (Moonj grass).

- Aluminium containers used in dying process to boil the color solution.
- Wooden sticks are used to stir the Moonj grass while dyeing.
- Steel measuring-spoon to measure the color powder.
- Some bins & other material handling equipments are also needed.

Average cost of Store & spares including hand tools will be Rs. 20000-22000 (Approx.)



#### **5.4. Miscellaneous Assets-**

- ✓ Water Supply Arrangements
- ✓ Furniture
- ✓ Computers and Stationary

**5.5. Power Requirement-** The product making hardly requires any machine to finish the production. Thus, requires mere power. The power requirement is estimated to be around 4 HP.

**5.6. Man Power Requirement-** Following manpower is required:

- Skilled/Unskilled Worker-4
- Helper-3
- Accountant-1

**6.**

**FINANCIAL  
ASPECTS**

<b>PROJECTED BALANCE SHEET</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>SOURCES OF FUND</b>					
<b>Capital Account</b>					
Opening Balance	-	1.87	3.30	4.98	6.47
Add: Additions	0.91	-	-	-	-
Add: Net Profit	1.05	2.33	3.68	4.09	5.41
Less: Drawings	0.10	0.90	2.00	2.60	3.50
<b>Closing Balance</b>	<b>1.87</b>	<b>3.30</b>	<b>4.98</b>	<b>6.47</b>	<b>8.39</b>
CC Limit	3.00	3.00	3.00	3.00	3.00
Term Loan	4.64	3.48	2.32	1.16	-
Sundry Creditors	0.90	1.04	1.19	1.36	1.53
<b>TOTAL :</b>	<b>10.41</b>	<b>10.82</b>	<b>11.49</b>	<b>11.99</b>	<b>12.92</b>
<b>APPLICATION OF FUND</b>					
<b>Fixed Assets ( Gross)</b>	5.80	5.80	5.80	5.80	5.80
Gross Dep.	0.58	1.10	1.57	1.99	2.38
Net Fixed Assets	5.22	4.70	4.23	3.81	3.42
<b>Current Assets</b>					
Sundry Debtors	1.89	2.28	2.62	2.98	3.37
Stock in Hand	2.59	2.99	3.42	3.90	4.40
Cash and Bank	0.71	0.85	1.22	1.30	1.72
<b>TOTAL :</b>	<b>10.41</b>	<b>10.82</b>	<b>11.49</b>	<b>11.99</b>	<b>12.92</b>
	-	-	-	-	-

<b>PROJECTED PROFITABILITY STATEMENT</b>					
PARTICULARS	I	II	III	IV	V
<b>A) SALES</b>					
Gross Sale	37.76	45.66	52.34	59.63	67.38
<b>Total (A)</b>	<b>37.76</b>	<b>45.66</b>	<b>52.34</b>	<b>59.63</b>	<b>67.38</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	18.00	20.79	23.76	27.11	30.66
Electricity Expenses	0.45	0.49	0.54	0.58	0.63
Stores & Spares	0.25	0.28	0.30	0.33	0.37
Labour & Wages	15.50	17.36	19.27	21.39	23.10
Depreciation	0.58	0.52	0.47	0.42	0.38
<b>Cost of Production</b>	<b>34.78</b>	<b>39.44</b>	<b>44.34</b>	<b>49.83</b>	<b>55.13</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>1.99</b>	<b>2.29</b>	<b>2.63</b>	<b>2.99</b>
<b>Less: Closing Stock /WIP</b>	<b>1.99</b>	<b>2.29</b>	<b>2.63</b>	<b>2.99</b>	<b>3.38</b>
Cost of Sales (B)	32.79	39.13	44.00	49.46	54.74
<b>C) GROSS PROFIT (A-B)</b>	<b>4.97</b>	<b>6.53</b>	<b>8.34</b>	<b>10.17</b>	<b>12.64</b>
	<b>13.17%</b>	<b>14.30%</b>	<b>15.93%</b>	<b>17.06%</b>	<b>18.75%</b>
D) Bank Interest i) (Term Loan )	0.57	0.46	0.33	0.21	0.08
ii) Interest On Working Capital	0.33	0.33	0.33	0.33	0.33
E) Salary to Staff	2.27	2.49	2.94	3.33	3.66
F) Selling & Adm Expenses Exp.	0.76	0.91	1.05	1.19	1.35
<b>TOTAL (D+E+F)</b>	<b>3.92</b>	<b>4.20</b>	<b>4.66</b>	<b>5.06</b>	<b>5.42</b>
H) NET PROFIT	1.05	2.33	3.68	5.11	7.22
	<b>2.8%</b>	<b>5.1%</b>	<b>7.0%</b>	<b>8.6%</b>	<b>10.7%</b>
I) Taxation	-	-	-	1.02	1.80
<b>J) PROFIT (After Tax)</b>	<b>1.05</b>	<b>2.33</b>	<b>3.68</b>	<b>4.09</b>	<b>5.41</b>

<b>PROJECTED CASH FLOW STATEMENT</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	0.91	-			
Reserve & Surplus	1.05	2.33	3.68	5.11	7.22
Depriciation & Exp. W/off	0.58	0.52	0.47	0.42	0.38
Increase In Cash Credit	3.00				
Increase In Term Loan	5.22	-	-	-	-
Increase in Creditors	0.90	0.14	0.15	0.17	0.18
<b>TOTAL :</b>	<b>11.67</b>	<b>2.99</b>	<b>4.30</b>	<b>5.70</b>	<b>7.78</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	5.80	-	-	-	-
Increase in Stock	2.59	0.40	0.43	0.48	0.51
Increase in Debtors	1.89	0.39	0.33	0.36	0.39
Repayment of Term Loan	0.58	1.16	1.16	1.16	1.16
Taxation	-	-	-	1.02	1.80
Drawings	0.10	0.90	2.00	2.60	3.50
<b>TOTAL :</b>	<b>10.96</b>	<b>2.85</b>	<b>3.93</b>	<b>5.62</b>	<b>7.36</b>
Opening Cash & Bank Balance	-	0.71	0.85	1.22	1.30
Add : Surplus	0.71	0.14	0.37	0.08	0.42
Closing Cash & Bank Balance	<b>0.71</b>	<b>0.85</b>	<b>1.22</b>	<b>1.30</b>	<b>1.72</b>

<b>REPAYMENT SCHEDULE OF TERM LOAN</b>						11.0%	
<b>Year</b>	<b>Particulars</b>	<b>Amount</b>	<b>Addition</b>	<b>Total</b>	<b>Interest</b>	<b>Repayment</b>	<b>CI Balance</b>
<b>I</b>	Opening Balance						
	Ist Quarter	-	5.22	5.22	0.14	-	5.22
	IInd Quarter	5.22	-	5.22	0.14	-	5.22
	IIIRD Quarter	5.22	-	5.22	0.14	0.29	4.93
	Ivth Quarter	4.93	-	4.93	0.14	0.29	4.64
					0.57	0.58	
<b>II</b>	Opening Balance						
	Ist Quarter	4.64	-	4.64	0.13	0.29	4.35
	IInd Quarter	4.35	-	4.35	0.12	0.29	4.06
	IIIRD Quarter	4.06	-	4.06	0.11	0.29	3.77
	Ivth Quarter	3.77		3.77	0.10	0.29	3.48
					0.46	1.16	
<b>III</b>	Opening Balance						
	Ist Quarter	3.48	-	3.48	0.10	0.29	3.19
	IInd Quarter	3.19	-	3.19	0.09	0.29	2.90
	IIIRD Quarter	2.90	-	2.90	0.08	0.29	2.61
	Ivth Quarter	2.61		2.61	0.07	0.29	2.32
					0.33	1.16	
<b>IV</b>	Opening Balance						
	Ist Quarter	2.32	-	2.32	0.06	0.29	2.03
	IInd Quarter	2.03	-	2.03	0.06	0.29	1.74
	IIIRD Quarter	1.74	-	1.74	0.05	0.29	1.45
	Ivth Quarter	1.45		1.45	0.04	0.29	1.16
					0.21	1.16	
<b>V</b>	Opening Balance						
	Ist Quarter	1.16	-	1.16	0.03	0.29	0.87
	IInd Quarter	0.87	-	0.87	0.02	0.29	0.58
	IIIRD Quarter	0.58	-	0.58	0.02	0.29	0.29
	Ivth Quarter	0.29		0.29	0.01	0.29	0.00
					0.08	1.16	
<p>Door to Door Period            60 Months</p> <p>Moratorium Period                6 Months</p> <p>Repayment Period                54 Months</p>							

<b>COMPUTATION OF CLOSING STOCK &amp; WORKING CAPITAL</b>					
PARTICULARS	I	II	III	IV	V
<b>Finished Goods</b>					
(15 Days requirement)	1.99	2.29	2.63	2.99	3.38
<b>Raw Material</b>					
(10 Days requirement)	0.60	0.69	0.79	0.90	1.02
<b>Closing Stock</b>	<b>2.59</b>	<b>2.99</b>	<b>3.42</b>	<b>3.90</b>	<b>4.40</b>

<b>COMPUTATION OF WORKING CAPITAL REQUIREMENT</b>			
Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.59		
Less:			
Sundry Creditors	0.90		
<b>Paid Stock</b>	<b>1.69</b>	<b>0.17</b>	<b>1.52</b>
Sundry Debtors	1.89	0.19	1.70
<b>Working Capital Requirement</b>			<b>3.22</b>
<b>Margin</b>			0.36
<b>MPBF</b>			<b>3.22</b>
<b>Working Capital Demand</b>			<b>3.00</b>



<b>CALCULATION OF D.S.C.R</b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b>CASH ACCRUALS</b>	1.63	2.85	4.15	4.51	5.79
Interest on Term Loan	0.57	0.46	0.33	0.21	0.08
Total	2.20	3.31	4.49	4.72	5.87
<b>REPAYMENT</b>					
Repayment of Term Loan	0.58	1.16	1.16	1.16	1.16
Interest on Term Loan	0.57	0.46	0.33	0.21	0.08
Total	1.15	1.62	1.49	1.37	1.24
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.92</b>	<b>2.04</b>	<b>3.00</b>	<b>3.45</b>	<b>4.74</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.00</b>		

**Assumptions:**

1. Production Capacity of a Monj Decorative Items unit is taken at 100 Pcs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10-15 days.
4. Credit period to Sundry Debtors has been given for 15 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 4 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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