

JUTE AND MESTHA PRODUCTS

1. INTRODUCTION

Jute or Mesta the golden fibre has gained immense popularity around the globe because of its biodegradable character. It is a natural vegetable fibre, which merges with soil and does not emit toxic fumes or residue on combustion. India is a major jute producing country and it produces more than 40% of entire world's production. Mesta and Jute products from India are in great demand domestically and are in great demand even in the European countries. Needless to say handicraft items made from Jute and Mesta are very much in vogue. Assorted varieties of bags and other products made in various weaves and blends are available in the market today. They also come in various shapes and sizes. Advanced manufacturing techniques have transformed Jute/Mesta into an attractive and versatile fibre, with a high degree of user appeal. Processing it in its formative form or the finished products can make it water and even fire resistant.

2. MARKET

There is a good awareness in the market about mesta based shopping bags and articles in India and Abroad. Increased concern about the environmental impact on usage of plastics and polythene, which are not bio degradable has led to increased usage of Mesta and Jute for making fashionable shopping and carry bags. Exports of jute goods during 1997-98 (April/March) was 250,000 tonnes valued at Rs 755 crores. During 1998-99(April-December) the exports have been 159,000 tonnes valued at Rs 482.4 crores as against 243,000 tonnes valued at 683 crores during the corresponding period in 1997-98.

The government has taken measures for promoting export of jute goods, which include:-

- (a) The External Market Assistance Scheme operated by JMDC was revised w.e.f. 01.04.97 for a period of three years for giving added thrust on export of value added and diversified jute products with recent inclusion of Hydrocarbon free bags in the EMA list;
- (b) Special thrust is being provided to re-orientation of R & D activities with special emphasis on enlargement of production base for diversified and value added jute products;
- (c) Acceleration of export promotion programme by JMDC under UNDP assisted jute sector programme and also under its own budget allocation;

3. MANUFACTURING PROCESS

The hessian cloth can be purchased from the market. Different qualities of cloth are available in the market. Depending on the requirement as mentioned cloth is purchased cut and stitched. After the stitching is over, printing is done as per the directions of the client. In the given project good quality Mesta based shopping bags are made. About 90000 bags would be made in a year.

4. PRODUCTION CAPACITY PER ANNUM

Capacity 90000 Bags per annum
Selling Price Rs. 13 Per bag

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	1000
2	Fixed Capital	122000
3	Working Capital for 1 month(s)	88375
	Total Project Cost	211375

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	31706.25
2	Subsidy	20%	42275
3	Term Loan	65%	137393.8
	Total		211375

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented 2000 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Machinery and equipment	Lumpsum	1	122000
	Total			122000

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Supervisor/Entrepreneur	1	2500	2500
2	Skilled workers	2	2000	4000
3	Workers	2	1200	2400
	Total			8900

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	hessian cloth	Mtrs	8250	8	66000
2	String for stitching	Kgs	15	375	5625
3	Ink for printing	Lumpsum	1	350	350
	Total				71975

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	500
2	Water	LS	500
	Total		1000

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	1000
2	Transportation Expenses	1000
3	Advertisement Expenses	1000
4	Consumable Stores	500
5	Miscellaneous Expenses	1000
	Total	4500

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	2000
2	Salaries and Wages	8900
3	Raw Material	71975
4	Utilities	1000
5	Other Expenses	4500
	Total	88375

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	1060500
2	Depreciation @ 15%	18300
3	Interest @ 12%	16487
	Total	1095287

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1		Bags per annum	90000	13	1170000
	Total				1170000

10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	18300
2	Interest	16487
3	Rent	24000
4	Salaries & Wages @ 40%	3560
5	Other Expenses incl. Utilities @ 40%	2200
	Total	64547

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	74713
2	Percentage of Profit on Sales		6%
3	Percentage of Return on Investment		35%
4	Break Even Point		46%