

BANANA TOFFEE

INTRODUCTION

Banana is the largest cultivated fruit in Kerala. It is known as the 'common man's fruit'. It is highly nutritive and very delicious. Banana when ripened is a soft and delicate fruit with a post-harvest shelf life of 5 - 10 days. This makes it prone to injury during transport. Further, release of ethylene during bulk storage makes the fruit ripen faster and the fruits generally rot before reaching its destination. Hence, it has always been considered a 'problem fruit' with respect to transportation. These reasons contribute to a local market glut, resultant price crash and subsequent disinterest among the farming community to cultivate it on a large scale. It is hence important to overcome this problem by generating an increased demand of this fruit crop. Exploring possibilities of converting banana into a cash crop by developing products of commercial interest is one way of solving this problem. In developed countries 40 – 50 % of the annual agricultural produce is converted into value added commodities. However, in India it is less than 2 % annually. Such a situation further necessitates the development of value added products.

MARKET POTENTIAL

Fruits are consumed by human beings since time immemorial and with the advent of technology, fruits can now be preserved for a longer period or their pulp can be processed to make some products with considerable shelf life. These products must be manufactured hygienically and attractively packed.

Fruit products have gained consumer acceptance due to their flavour, shelf life and nutritive values. With adequate marketing network, publicity in local media and proper placement of the products, a new entrant can take in-roads in this ever increasing market

TECHNICAL ASPECTS

Manufacturing Process

Banana toffee is made from the pulp extract of banana. Fresh fruits are cleaned and their pulp is extracted. Then this pulp is cooked till the original volume is reduced to around 35-40%. Other ingredients like sugar, glucose, milk powder, hydrogenated fat, essences, colours etc. are thoroughly mixed with fruit pulp and this mixture is cooked. This cooked mass is then transferred to hard but level and smooth surface pre-smeared with fat and flavouring material is added. Finally, the entire mass is spread into a thin sheet of about 1 cm; allowed to cool and set for around 2 hours. This solid sheet is then cut with the help of toffee cutter, dried to bring down the moisture content to 5-6% and individual toffees are packed in either tissue paper or cellophane paper.

PRESUMPTIONS

1. The production is on a single shift of 8 hours per day with 25 working days in each month.
2. The Land and building will be rented at a rate of 10000 per month.
3. Rate of interest for fixed and working capital @ 15% interest per annum.
4. Labor will be engaged on a monthly basis
5. Time period for achieving full capacity utilization is 3 years.
6. Raw material will be procured from local market

PRODUCTION CAPACITY

- | | | |
|------------------|---|--------------------------|
| a) Banana toffee | : | 36,00,000 Nos. per annum |
| b) Value | : | Rs. 3,600,000 |

Raw Material and Packing Materials

Raw material, banana would be fresh and matured. In Kerala 5 Lakh Tons of banana is cultivated in every year, hence availability of raw material should not be a problem. Other materials like milk powder, sugar, hydrogenated fat, flavours and

colours shall be available from local market. Proper arrangements for packing materials like cellophane or tissue paper shall have to be made.

FINANCIAL ASPECTS

A.FIXED CAPITAL

i)LAND AND BUILDING:

Assuming land and building has been acquired on a monthly Rent of Rs. 10,000/-

ii).Machinery and Equipments:-

Sl.No	Items	Amount in Rs.
1	Pulpextractors	45,000
2	Mixing cum boiler	40,000
3	Toffee cutter	55,000
5	tray drier, containers& vessels	30,000
6	furniture	20,000
7	Electrification and Installation of machinery	10,000
	Total	2,00,000

B. WORKING CAPITAL

i).Man Power required:

Sl. No.	Profession	Nos.	Rate	Total Salary (Rs.)
1	Sales Person	1	7,500	7,500
2	unskilled workers	3	6,250	18,750
3	Semi-Skilled Workers	1	7,000	7,000
Total				33,250

ii) Raw material including packing Requirement permonth)

Sl. No.	Profession	Qty	Rate(Rs)	Value(Rs.)
1	Banana	1925	32	61,600
2	Sugar	475	30	14,250

3	Milk powder, Hydrogenated fat & Essence	100	400	40,000
4	Packing material	30000 0	0.01	3,000
Total			1,18,850	

iii) Utilities and Other Expenses

Power Charges	6,341
Water charges	1,000
Rent	10,000
Telephone charges	500
Transportation charges	500
Repair and Maintenance	1,000
Advertisement and Publicity	4500
Miscellaneous expenses	500
Total	24,341

iv). Working Capital (3 moths)

Particulars	No. of month	1 month cost(Rs)	Amount(Rs)
Raw material	3	1,18,850	3,56,550
Salaries	3	33,250	99,750
Utilities and Other Expenses	3	24,341	73,023
Total			5,29,323

C. Total Capital Investment

1	Fixed Capital	2,00,000
2	Working Capital	5,29,323
	Total	7,29,323

i). Means of Finance:

1	Own Capital	1,82,331
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2	Term Loan	1,50,000
3	Working Capital Loan	3,96,992

1). Cost of Production Per year:

Total recurring cost	21,17,292
Depreciation on machinery @20%	36,000
Depreciation on furniture @20%	4,000
interest on term loan+working capital loan @15%	82,048
Total	22,39,340

2). Turnover per year At 80% capacity utilization

Item Name	Quantity(Nos)	Rate/No(Rs)	Value(Rs)
BANANA TOFFEE	28,80,000	.9	25,92,000

FINANCIAL ANALYSIS

3) Net Profit (before taxation) per year

Turnover per year- Cost of production per year = Rs. 352659.1625

4) Net Profit Ratio :

(Net profit per year/Turnover per year) x 100 = 13.61%

5) Rate of Return on Total Investment

(Net profit per year/Total investment) x 100 = 48.35%

6) Break Even Point

Fixed Cost

Rent for one year	1,20,000
Total depreciation	40,000
Interest on total investment	82,048
40% of salaries	1,59,600
40% of utilities	1,16,836
Total	5,18,485

B.E.P = (Fixed cost x 100)/(Fixed cost+Net profit) = 59.51%

Address of Machinery and Equipment Supplier:

Shree Siddhi Vinayak Engineering, Shrinand Residency, New Maninagar, Ramol
,Ahmedabad - 382449, Gujarat

