

GARMENT MAKING UNIT (LADIES)

INTRODUCTION

Manufacture of Kurthis and Nighties is an area in garment manufacturing which has been developing very fast in our country in recent years. There is a good scope to set up this type of manufacturing unit to fulfill the huge demand in the domestic market. These types of garments are generally manufactured from cotton and synthetic fabrics having different colours and shades. These are mainly meant for daily use and so prime importance is given to the easiness and comfort while wearing the garments. These are of simple designs and sometimes lace works and embroidery works are done to attract the customers. To meet the needs of different groups of customers, these garments are made in different sizes like Small, Medium, Large, XL and XXL. The unit would have the following facilities like design centre, manufacturing unit and warehouse.

MARKET POTENTIAL

This is a growing field in the readymade garment industry. As the demand of kurthis and nighties is increasing day by day in both urban and rural areas, there will not be any constraint in marketing of these garments. Nowadays people prefer to buy these garments directly from the shops than getting it done at the tailoring shop because of cost benefit. All over the state local market is available for these garments. By providing online designing and purchasing facility national market is also accessible. Altogether there is a good scope to make this venture successful.

BASIS AND PRESUMPTIONS

This project is prepared on the basis of the following assumptions.

1. Land and building is rented and the rental value indicated is according to the current rate in the market.
2. The cost of machinery and equipment referred in this project refer to a particular make and approximately to those prevailing in the market.

3. The number of working days is considered as 300 working days in a year.
4. The production is based on a single shift basis of 8 hours per day and the labour will be engaged on monthly basis.
5. The time period for achieving full capacity utilisation is years.
6. Interest rate on the capital loan is @ 15% per annum.
7. Installation and electrification expenditure is taken at 10% of the cost of machinery and equipment.
8. Depreciation has been taken as
 - a. 10% on plant and machinery.
 - b. 20% on office furniture
 - c. 25% on tools.
9. Non refundable deposits, security with electricity board are considered under pre-operative expenses.

IMPLEMENTATION SCHEDULE

Time period in months required for executing different types of works for implementing this project is estimated at 6 months period approximately. However, on considering that some of many project implementing activities may be overlapping and can be done at the same time, the project implementation will take a total period of 5 months approximately for starting the actual production.

TECHNICAL ASPECTS

PROCESS OF MANUFACTURE

PROCUREMENT OF RAW MATERIALS:- Raw material basically consists of fabric and accessories like lace, buttons, threads, elastic, tags, labels, paper bags etc:- Suitable suppliers for these items would have to be identified for regular supply. After the purchase the fabric is inspected to check and remove any weaving defects, colour variations etc:-

CUTTING AND SEWING:- The inspected fabric piece is laid on the cutting table for cutting. After cutting of fabric individual components are sorted out and proper bundle of different sizes like S,M,L etc:- are made separately for identification. Required components are sewn together to make a complete garment.

LABELLING:- Labels like name, washing instruction, size of the garment are sewn at the respective places of the garment.

CHECKING, PRESSING AND PACKING:- Final checking is done before pressing and packing so that any fault in the piece can be removed and protruding thread may be eliminated. Then individual pieces are pressed to remove wrinkle marks. After this the garments are packed as per the buyers' requirements.

PRODUCTION TARGETS

- a. Kurthis – 4200 per annum Value – 2100000/- (Rs 500/- per piece)
- b. Nighties – 1200 per annum Value – 360000/- (Rs. 300/- per piece)

MOTIVE POWER

Totally 2 HP is required to operate all the machines in the unit.

ENERGY CONSERVATION

Maximum care is taken while selecting the machinery and other electrical equipments so as to maintain minimum power consumption with maximum efficiency.

FINANCIAL ASPECTS

A) FIXED CAPITAL

1. LAND AND BUILDING

Rented and Building area is 50 square meter.

Rent per month is Rs.8000/-

2. MACHINERY AND EQUIPMENTS

Sl. No:	Item	Quantity	Rate	Value
1	Power operated sewing machine	2	10,000	20,000
2	Overlock stitching machine	1	20,000	20,000
3	Emboidery machine	1	30,000	30,000
4	Ironing Box	1	2,000	2,000
5	Other miscellaneous assets			5000
6	Computer	1	35,000	35,000
7	Office furniture			30,000
8	Erection and installation cost			10,700
9	Preoperative expenses			5,000
	Total fixed capital			1,57,700

Total fixed capital - Rs. 1,57,700/-

B. WORKING CAPITAL (PER MONTH)

1. STAFF AND LABOUR WAGES (PER MONTH)

Si. No:	Designation	Nos.	Rate	Amount
1	Manager cum fashion designer	1	15,000	15,000
2	cutting master	1	8,000	8,000
3	skilled workers	3	7,000	21,000
4	unskilled workers	2	5,000	10,000
5	Perquisites' @ 20%			10,800
Total				64,800

2. RAW MATERIAL (PER MONTH)

Sl. No	Description	Qty(m)	Rate	Amount
1	Cotton Fabric in different colours and shades	875	60	52,500
2	Synthetic fabric in different colours and shades	350	45	15,750

3	Lining cloth, collar stripes etc:-	L/S		2,500
4	Button, hooks, sequence, mirrors	L/S		2,000
5	Threads	L/S		2,500
6	Labels and packing material	L/S		7,000
Total				82,250

3. UTILITIES

electricity	4,000
water	1,000
Total	5,000

4. OTHER CONTINGENCIES

rent	8,000
postage	1,000
Repair and maintenance	1,000
consumable stores	500
transportation	10,000
telephone	1,000
insurance	1,000
advertisement	1,000
miscellaneous	1,000
Total	24,500

TOTAL WORKING CAPITAL / MONTH

1.	Raw material cost	-	82,250
2.	Labour charges	-	64,800
3.	Utilities	-	5,000
4.	Other contingencies	-	24,500
	TOTAL	-	1,76,550

C. TOTAL CAPITAL INVESTMENT

Fixed capital	-	1,57,700
Working capital (for 3 months)	-	5,29,650
TOTAL	-	6,87,350

FINANCIAL ANALYSIS**A) COST OF PRODUCTION PER YEAR**

1.	Total working capital	-	21,18,600
2.	Depreciation on Machinery	-	10,700
	Tools	-	1,250
	Furniture	-	6,000
3.	Interest on total capital investment	-	1,03,110

TOTAL COST OF PRODUCTION - 22,39,660

B) TURNOVER PER YEAR

1.	Kurthis	-	2100000	(4200 x 500)
2.	Nighties	-	360000	(1200 x 300)
	TOTAL	-	24,60,000	

C) NET PROFIT

Turnover	-	2460000
Cost of production(-)	-	2239660
Profit	-	220340

D) NET PROFIT RATIO

$$\frac{\text{Net profit per year} \times 100}{\text{Turnover per year}} = \frac{220340 \times 100}{2460000} = 8.9569\%$$

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E) RATE OF RETURN ON TOTAL INVESTMENT

$$\frac{\text{Net profit per year} \times 100}{\text{Total capital investment}} = \frac{220340 \times 100}{687350} = 32.0564\%$$

$$\frac{\text{Net profit per year}}{\text{Total capital investment}} = \frac{220340}{687350} = 0.320564$$

F) BREAK-EVEN POINT

Sl. No:	Description	Amount
1	Rent for one year	96,000
2	Total depreciation	17,950
3	Interest on total investment	1,03,110
4	40% of salary and wages	3,11,040
5	40% of utilities and other contingencies	9,800
	Total	5,37,900

B.E.P

$$= \frac{\text{fixed cost} \times 100}{\text{Fixed cost} + \text{net profit}}$$

Fixed cost+ net profit

$$= \frac{537900 \times 100}{758240}$$

758240

$$= \underline{70.9405 \%}$$

