

Profile No.: 04

NIC Code: 22205

BAGS

1. INTRODUCTION:

Bags help in organizing and carrying multiple articles at the same time. Bags made out of canvass, polyester or nylon fabric are used by students, office executives, shoppers, courier boys and many more people in their day to day life.

2. PRODUCT & ITS APPLICATION:

Bags are made out of paper, plastic, and woven or non-woven fabric including cotton, jute, polyester, nylon etc. Bags of canvass, polyester or nylon are used by students for carrying books & stationery, office executives for carrying laptops and documents, courier delivery boys for carrying articles and men / women for shopping.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Graduate in any discipline.

4. INDUSTRY OUTLOOK & TRENDS:

Use of bags has been on a continuous rise. With most local governments restricting use of plastics due to environmental issues, usage of cloth bags and paper bags has picked up. Since paper bags have limited life, the demand for cloth bags made out of cotton and blended fabric is bound to grow steadily.

5. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

As explained above, the students, office executives, courier delivery boys and shoppers form a large market for woven bags.

6. RAW MATERIAL REQUIREMENTS:

Cotton fabric made out of coarse yarn was traditionally used to manufacture bags. Over period of time, polyester and nylon have been widely used in bags manufacturing. Other material required is ropes for handle (to be covered by the fabric), sling straps, zippers, labels etc. all of which are easily available in industrial towns.

7. MANUFACTURING PROCESS:

The fabric purchased in roll form is spread in layers on the cutting table. Patterns of various parts of the bags made out of card board or plywood or metal are laid on the fabric in such a way that wastage of fabric is minimized. Several layers of fabric are then cut through vertical motorized blade. Bags are stitched in assembly line manner wherein each machine operator completes only a part of the product. The stitching starts on the 1st machine and gets completed at the last stage where the product is inspected for quality defects if any. Bags are then cleaned of loose yarn or dirt and packed in plastic bags as per customer requirements.

8. MANPOWER REQUIREMENT:

The enterprise shall need 34 employees at maximum capacity, as detailed below:

Sr. No.	Designation of Employees	Monthly Salary .	Number of employees required				
			Year-1	Year-2	Year-3	Year-4	Year-5
1	Machine Operators	12,000	12	14	16	18	20
2	Helpers	8,000	6	7	8	9	10
3	Production supervisor	25,000	1	1	1	1	1
4	Accounts Executive	15,000	1	1	1	1	1
5	Stores Assistant	12,000	1	1	1	1	1
6	Office Boy	8,000	1	1	1	1	1
	Total		18	25	28	31	34

9. IMPLEMENTATION SCHEDULE:

The project can be implemented in 3 months as shown below:

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1.00
2	Construction (if applicable)	-
3	Procurement & installation of Plant & Machinery	2.00
4	Arrangement of Finance	2.00
5	Recruitment of required manpower	2.00
	Total time required (some activities shall run concurrently)	3.00

10. COST OF PROJECT:

Detailed cost of project is shown below:

Sr. No.	Particulars	· in Lacs
1	Land	-
2	Building	-
3	Plant & Machinery	13.25
4	Furniture, Electrical Installations	5.50
5	Other Assets including Preliminary / Pre-operative expenses	1.50
6	Margin for Working Capital	25.66
	Total	45.91

11. MEANS OF FINANCE:

Bank term loans are assumed @ 60% of fixed assets. The proposed funding pattern is as under:

Sr. No.	Particulars	· in Lacs
1	Promoter's contribution	33.76

2	Bank Finance	12.15
	Total	45.91

12. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 59.51 lacs as detailed below:

Sr. No.	Particulars	Gross Amt.	Margin %	Margin Amt.	Bank Finance
1	Inventories	27.40	40%	10.96	16.44
2	Receivables	48.20	40%	19.28	28.92
3	Overheads	3.10	100%	3.10	-
4	Creditors	-19.18	40%	-7.67	-11.51
	Total	59.51		25.66	33.85

13. LIST OF MACHINERY REQUIRED AND THEIR MANUFACTURERS

Sr. No.	Particulars	UOM	Qty.	Rate (₹)	Value (₹ in Lacs)
	Plan & Machinery / equipments				
a)	Main Machinery				
i.	Single Needle Machine	Nos	10	60,000	6.00
ii.	Double Needle Machine	Nos	5	75,000	3.75
iii.	Border/Piping machine	Nos	3	50,000	1.50
iv.	Cutting Table & machine	Nos	2	1,00,000	2.00
	<i>sub-total Plant & Machinery</i>				13.25
	Furniture / Electrical installations				
a)	Inspection tables	Nos	4	25,000	1.00
b)	Office & Store furniture	LS	1	1,50,000	1.50
c)	Desktop computer & printer	Nos	2	50,000	1.00
d)	Storage system	LS	1	2,00,000	2.00
	<i>sub total</i>				5.50
	Other Assets				

a)	Rent Deposits		2	75,000	1.50
	<i>sub-total Other Assets</i>				1.50
	Total				20.25

Single Needle and Double Needle stitching machines are available from following suppliers. They have offices across several cities in India. There may also be other local machinery manufacturers offering alternate machines of various makes and models.

- IIGM Private Limited
Springdale No. 51,
Residency Road, 3rd cross,
Bangalore 560025
www.iigm.in
- Juki India Private Ltd
1090/I, Ground Floor,
18th Cross, Sector III,
HSR Layout,
Bangalore 560102
www.jukiindia.com
- Brother International (India) Pvt Ltd
Unit No.408, 215, Atrium B-Wing,
4th floor, Opp. Sangam Cinema,
Andheri Kurla Road, Andheri (East),
Mumbai 400093
www.brother.in

14. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
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1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	• . In Lacs	385.56	449.82	514.08	578.34	642.60
3	Raw Materials & Other direct inputs	• . In Lacs	364.77	425.56	486.36	547.15	607.95
4	Gross Margin	• . In Lacs	20.79	24.26	27.72	31.19	34.65
5	Overheads except interest	• . In Lacs	18.58	18.58	18.58	18.58	18.58
6	Interest	• . In Lacs	5.74	5.74	5.74	5.74	5.74
7	Depreciation	• . In Lacs	1.41	1.41	1.41	1.41	1.41
8	Net Profit before tax	• . In Lacs	-4.93	-1.46	2.00	5.47	8.93

The above calculations are based on assumed unit sales price varying from • 60 to • 500 for various products. The key raw material is assumed at a cost range of • 180 to • 200 per meter. Electricity tariff is assumed at • 8 per kWh.

15. **BREAKEVEN ANALYSIS:**

The project shall reach cash break-even at 70.17% of projected sales as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	• . In Lacs	642.60
2	Variable costs	• . In Lacs	607.95
3	Fixed costs incl. interest	• . In Lacs	24.32
4	$BEP = FC/(SR-VC) \times 100 =$	% of capacity	70.17%

16. **STATUTORY/ GOVERNMENT APPROVALS**

The project does not require any specific government approval. Registration with MSME is optional. An Entrepreneur may be required to obtain Shops & Establishment Registration and Professional Tax registration by local Municipal authorities. Registration under Factories Act, Provident Fund Act and ESI provisions would be required depending upon the number of employees, the location, the level of mechanization and the age of the enterprise. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD OR FORWARD INTEGRATION:

As the machines used in the project are versatile, the Entrepreneur can also consider manufacture of home furnishing articles like bed sheets, pillow covers, wall hangings etc. depending on opportunities in the market he / she is familiar with.

18. TRAINING CENTERS/COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any

inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.