

**Khadi and Village Industries Commission Mumbai**

**HANDMADE PAPER UNIT BASED ON COTTON RAGS.**

**Introduction**

The Handmade paper Industry has become more popular because of its eco-friendly nature and has a significant impact for growing forest and preserving the greenery. The water and air pollution is also negligible. The export of handmade paper is increased in multiples with the growing awareness in developed and developing countries. The demand of handmade paper is increasing day by day in domestic as well as in international market. Handmade paper production meets only 0.5% of total requirement of paper in India. Considering the past experience, it is observed that sustainable potential for increasing its contribution towards bridging the gap by producing different grades of papers adopting intermediate technology, utilisation of rural agricultural waste and there by providing gainful employment.

**Process of Manufacture:** (a) The raw material, waste cotton rags procured waste from readymade garment units, is sorted by hand. (b) The sorted cotton rags are put through a mechanized rag chopper that cuts the rags into small uniform sizes. (c) The chopped rags beaten to pulp in a power operated Beater. (d) A sheet of pulp is formed over the mould and couched onto a cloth felt which acts an interleaf separating wet sheets. (e) A pile of the wet sheets then pressed and excesses water is removed from the wet sheets. (f) The pressed sheets are peeled and separated from the cloth and left dried for natural drying. (g) The dried sheets are calendered for smoothness and then cut into a required sizes.

**1 Name of the Product :** **Fancy &Decorative Handmade Paper and Paper Product**

**2 Project Cost :**

a Capital Expenditure

Land : **Own**

Workshed in sq.ft **3000** Rs. **600,000.00**

Equipment : Rs. **140,000.00**

Rag Chopper, ,Beater, Paper making Vats, Cylinder Mould machine,

Hydraulic Press, Callander Machine, Paper Cutting Machine

Total Capital Expenditure Rs. **200,000.00**

b Working Capital Rs. **450,000.00**

**TOTAL PROJECT COST :** Rs. **2,450,000.00**

**3 Estimated Annual Production Capacity:**

(Rs. in 000)

Sr.No.	Particulars	Capacity in No./Q.	Rate/ Kg	Total Value
1	Card Sheets,Fancy & Decorative papers and Paper Products	100 M.T.	70.00	5170.00
<b>TOTAL</b>		<b>0.00</b>	<b>70.00</b>	<b>5170.00</b>

**4 Raw Material** : Rs. **3,145,000.00**

**5 Labels and Packing Material** : Rs. **15,000.00**

**6 Wages (Skilled & Unskilled)** : Rs. **873,000.00**

**7 Salaries** : Rs. **362,000.00**

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8	Administrative Expenses	:	Rs.	388,000.00
9	Overheads	:	Rs.	50,000.00
10	Miscellaneous Expenses	:	Rs.	1,000.00
11	Depreciation	:	Rs.	170,000.00
12	Insurance	:	Rs.	20,000.00
13	Interest (As per the PLR)			
	a. C.E.Loan	:	Rs.	260,000.00
	b. W.C.Loan	:	Rs.	58,500.00
	Total Interest		Rs.	318,500.00
14	Working Capital Requirement	:		
	Fixed Cost		Rs.	1,030,000.00
	Variable Cost		Rs.	4,140,000.00
	Requirement of WC per Cycle		Rs.	861,917.00

**15 Cost Analysis**

Sr.No.	Particulars	Capacity Utilization(Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	1030.00	618.00	721.00	824.00
2	Variable Cost	4140.00	2484.00	2898.00	3312.00
3	Cost of Production	5170.00	3102.00	3619.00	3722.00
4	Projected Sales	7000.00	4200.00	4900.00	5600.00
5	Gross Surplus	1830.00	1098.00	1281.00	1464.00
6	Expected Net Surplus	1660.00	928.00	1111.00	1294.00

- Note :
1. All figures mentioned above are only indicative.
  2. If the investment on Building is replaced by Rental then
    - a. Total Cost of Project will be reduced.
    - b. Profitability will be increased.
    - c. Interest on C.E.will be reduced.