

Khadi and Village Industries Commission Mumbai

Scheme for Ban Making for Individuals/Institutions

Introduction

Production of 2 ply yarn popularly known as Ban made mostly out of Grass fibre like Moonj and Bhabar, is an important fibre industry in Northern parts of India. Ban is used for charpai (cottage) weaving and for general tying purpose. It is the dori of the North. This scheme is well suited for self employment. The raw material grows in abundance and it is one of the established traditional Industries in North. The use of ban is extensive and is likely to remain so far years to come. It can be considered to have a very good market. There are substitutes such as Niwar, Cotton, Sutli or plastic but they do not pose any serious threat. The activity provides employment specially to Women-folk and it is a subsidiary source of income for any agricultural labourers.

Process of Manufacture: The traditional method of preparing ban is to twist them by hand and machine. The ban making machines introduced by Khadi and V.I. Commission have become very popular in Uttar Pradesh, Punjab, Himachal Pradesh, Haryana, Rajasthan, Bihar, Orissa and A.P. The machine helps the artisans to earn double of what they used to earn by the traditional method. This scheme is well suited for self employment. The raw material grows in abundance and it is one of the established traditional Industries in North. The use of ban is extensive and is likely to remain so far years to come. It can be considered to have a very good market. There are substitutes such as Niwar, Cotton, Sutli or plastic but they do not pose any serious threat.

1 **Name of the Product :** Ban making for Individuals/Institutions

2 **Project Cost :**

a Capital Expenditure

Land : Own

Workshed in sq.ft 1000 Rs. 300,000.00

Equipment : Rs. 222,000.00

Ban Machine Rs. 10000x20, Power hammer Rs. 6000x2, Electric motor Rs.5000x2

Total Capital Expenditure Rs. 522,000.00

b Working Capital Rs. 300,000.00

TOTAL PROJECT COST : Rs. 822,000.00

3 **Estimated Annual Production Capacity:**

(Rs. in 000)

Sr.No.	Particulars	Capacity in kg	Rate/kg	Total Value
1	Ban Making	75000.00	23.00	1806.08
TOTAL		75000.00	23.00	1806.08

4 **Raw Material** : Rs. 840,000.00

5 **Labels and Packing Material** : Rs. -

6 **Wages (Skilled & Unskilled)** : Rs. 693,750.00

7 **Salaries** : Rs. 36,000.00

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8	Administrative Expenses	:	Rs.	50,000.00
9	Overheads	:	Rs.	72,000.00
10	Miscellaneous Expenses	:	Rs.	2,000.00
11	Depreciation	:	Rs.	37,200.00
12	Insurance	:	Rs.	5,220.00
13	Interest (As per the PLR)			
	a. C.E.Loan		Rs.	67,860.00
	b. W.C.Loan		Rs.	39,000.00
	Total Interest		Rs.	106,860.00
14	Working Capital Requirement	:		
	Fixed Cost		Rs.	161,080.00
	Variable Cost		Rs.	1,644,750.00
	Requirement of WC per Cycle		Rs.	300,972.00

15 Cost Analysis

Sr.No.	Particulars	Capacity Utilization(Rs in '000)			
		100%	60%	70%	80%
1	Fixed Cost	161.08	96.65	112.76	128.86
2	Variable Cost	1645.00	987.00	1151.50	1316.00
3	Cost of Production	1806.08	1083.65	1264.26	1280.36
4	Projected Sales	2970.00	1782.00	2079.00	2376.00
5	Gross Surplus	1163.92	698.35	814.74	931.14
6	Expected Net Surplus	1127.00	661.00	778.00	894.00

- 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.