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## PROJECT REPORT

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PROJECT:

**MONJ BASKET & BAGS MAKING UNIT**

# **PROJECT REPORT**

## **Of**

# **MONJ BASKET & BAGS MAKING UNIT**

## **PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding Monj Basket & Bags Making Unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

# PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxx
- Pin: xxxxxxxx
- Mobile : xxxxxxxx
- State: xxxxxxxxx
- 5 Product and By Product : MOONJ BASKET & BAGS
- 6 Name of the project / business activity proposed : MOONJ BASKET & BAGS MAKING UNIT
- 7 Cost of Project : Rs.11.16 Lakhs
- 8 Means of Finance :
  - Term Loan Rs.5.04 Lakhs
  - Own Capital Rs.1.12 Lakhs
  - Working Capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 3.19
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 38%
- 13 Employment : 8 Persons
- 14 Power Requirement : 4.00 HP
- 15 Major Raw materials : Moonj/kaasa grass, Kaccha Rang, Edible salt
- 16 Estimated Annual Sales Turnover (Max Capacity) : 110.11 Lakhs
- 17 Detailed Cost of Project & Means of Finance

## COST OF PROJECT

(Rs. In Lakhs)	
Particulars	Amount
Land (1000-1200 Sqft.)	Own/Rented
Building /Shed	5.00
Furniture & Fixtures	0.60
Working Capital	5.56
Total	11.16

## MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.12
Working Capital(Finance)	5.00
Term Loan	5.04
Total	11.16

# MOONJ BASKET & BAGS MAKING UNIT



## 2. Introduction:

Uttar Pradesh has a custom of making baskets for everyday uses and for special occasions by coiling the outer layers of the grass called moonj. This craft is practiced mostly by women.

Moonj and rara are kinds of wild grass which grow near the banks of the rivers around Allahabad. Moonj is external layer of the grass which is stripped and tied. This workmanship is been rehearsed from the last 60 to 70 years. The grass is cut throughout the colder time of year and the strip of the stalks is forgotten about in dew for quite a long time to help its tone. Numerous spilts are colored in brilliant tone and restricting is done these days with plastic strips, sparkle or material. The themes of basketry are made by adding hues grass in the middle. The Moonj coiled grass products

are ideal to serve daily life purposes. These natural products can be used as containers, food storage devices and wall decorators. The products are very simple, attractive and eco-friendly.



Coiling is a basketry technique used by rural women in Allahabad, Amethi and Sultanpur districts in eastern Uttar Pradesh to make objects for use in the kitchen. The baskets are used in the kitchen for storing flour and food grains.

The twining of the baskets these days is being done with material like colorful plastic strips, tinsel and cloth. They are so tightly coiled that they are almost waterproof and long-lasting. This craft is practiced mostly by women. The women gather raw materials from the factory and make products at their convenience after they finish daily chores. This craft has been passed down across the generations that have kept it alive. Also, the craft has traditional significance as the products are given as gifts to women in ritual functions and weddings. The art of basket weaving is as old as pottery. The ancient nomadic food gatherers wove reeds together to prepare baskets to hold their food or other collectibles. Later, with the advent of different cultures, basketry took shape both for daily use and ritual purposes. Special patterns have evolved according to local traditions and techniques. Though the process

involved in creating these products hasn't changed over generations, but natural dyes are being used now to make them attractive.

Originally, the colors were hardly used, but today if the item has to look impressive, bright colors which are natural dyes are generally preferred. While the most popular products include baskets, table mats and containers, new designs include earrings, fruit baskets and hand purses.

### **3. Market Potential:**

It's a one-piece create. When a particular kind of configuration is made, it can't be actually duplicated which gets troublesome if there should arise an occurrence of mass requests. Direct Create is committed to associating India's high quality conventions with the worldwide commercial center to make another plan worldview — one that drives advancement, spikes innovativeness and enables networks. . During Weddings times and celebrations season, these dealers additionally put ahead of time requests for Moonj-creates. Other than these dealers of city, there are a few brokers of Delhi, Varansi, and Lucknow who likewise infrequently buy Moonj-creates in the stock interest fasten for offering to definite customers with appropriate overall revenues.

At first the Kaasa grass is dried and it is wrapped with the moonj grass by moving around Kaasa. The items are predominantly traded to significant urban communities like Mumbai, New Delhi, Banaras, and Kanpur for the advertising purpose.

### **4. Product Description:**

**4.1. Product Uses-** A naturally growing perennial grass, known as Sarpat in the local dialect, is found in the lowlands of the district. Locals are engaged in making various types of decorative and household products from moonj such as foot-mats, carry bags, stools, ropes, pen stands,

chairs, tables etc. The craftsmen make these products without using any advanced equipment. In this project we have discussed manufacturing of Moonj Bags & Moonj Baskets.

**4.2. Raw Material-** The Raw-materials needed in making Moonj-crafts are:

- Moonj and Kaasa - The main raw material is procured in bulk once in year from Mehwa and surrounding areas. October is the best season to buy the raw material.



- Kaccha Rang- The artificial raw color powder which is available in local markets is used to color the grass.
- Edible salt is used to add with the dye solution.

Average raw material cost of Moonj Bags per unit will be Rs. 800-900 (Approx.)

Average raw material cost of Moonj Baskets per unit will be Rs. 400-500 (Approx.)

**4.3. Manufacturing Process:** The Moonj basketry-production measure is tedious and fundamentally done by the ladies at their available time.

Strategy:

- The traditional coiling technique is utilized to make the conventional and contemporary items.

- The procedure begins by drying the grass. Both the Moonj and Kaasa grass are dried under the sun for 2 days.
- Dried Moonj grass is made into little bunches which are called 'Hotshot' locally. This Balla is absorbed virus water for quite a while prior to winding to guarantee adaptability.
- The grass Kaasa is utilized as inside stuffing, wherein Moonj is utilized to fold over Kaasa grass to make coil.
- The formed coil is short of breath in an arrangement to make the base of bin. When the base is shaped, the dividers of the crate are made utilizing a similar method.
- These coils are stitched together to make the basket strong. The motif patterns are created by using colored grass.
- The handles of the basket are made and attached by stitching with the grass.

Dyeing is done to color the grass.

- Kaccha rang-raw colors are used to dye the grass.
- Water is boiled at high temperature in aluminum container and the color powder is added to it.
- The dried off-white Moonj grass is immersed in the boiling solution to absorb the color.





- During the dyeing process salt is added to the boiling solution as it helps to sustain the color for a longer period.
- The grass is removed once it attains color and allowed to dry under shade.

The dyed grass is mainly used to create and highlight the motif patterns. Red and green are the two main dominating colors used in basket weaving. Purple, brown, pink colors are rarely used as per the customer requirement.

## **5. Project Components:**

**5.1. Land-** The approximate total area required for complete small scale factory setup is 1000-1200Sq. ft. approximately.

**5.2. Civil Work-** Micro, small and medium enterprises are engaged in this work accounting for the total manufacturing units.

- Workshop Area- This area includes the machinery setup and foundation space for all equipments, work floor area, and

necessary cutting grass, stitching and shaping. Total workshop area is approx. 500Sqft.

- Inventory Area- This territory incorporates the extra room for all the crude materials, tooling and kick the bucket extra room and completed products. All out stock zone is approx. 200Sqft.
- Office Area – Total workshop territory is approx. 200Sqft. This might be considered over the ground floor.
- Parking Space, Electricity Utensils Mounting Space, and Others. This could be approx. 200Sqft.

Land and building requirement may vary depending on the size of project. Civil work cost will be Rs 5 Lac (Approx.).

**5.3. Stores & Spares-** The tools important in making Moonj-crafts include

- Kainchi- scissors is used to cut the grass.
- Sirahi- A needle with wooden handle is used during basket making process.
- Plastic tub is used to soak the raw materials (Moonj grass).
- Aluminium container used in dyeing process to boil the color solution.
- A wooden stick used to stir the Moonj grass while dyeing.
- Steel measuring-spoon to measure the color powder.
- Some bins & other material handling equipments are also needed.

Average cost of Store & spares including hand tools will be Rs. 25000-28000 (Approx.)



#### **5.4. Miscellaneous Assets-**

- ✓ Water Supply Arrangements
- ✓ Furniture
- ✓ Computers and Stationary

**5.5. Power Requirement-** The product making hardly requires any machine to finish the production. Thus, requires mere power. The power requirement is estimated to be around 4 HP.

**5.6. Man Power Requirement-** Following manpower is required:

- Skilled/Unskilled Worker-4
- Helper-3
- Accountant-1

**6.**

**FINANCIAL  
ASPECTS**

<b>PROJECTED BALANCE SHEET</b>					
PARTICULARS	I	II	III	IV	V
<b><u>SOURCES OF FUND</u></b>					
<b><u>Capital Account</u></b>					
Opening Balance	-	2.61	4.58	7.07	9.89
Add: Additions	1.12	-	-	-	-
Add: Net Profit	1.50	2.46	3.50	4.82	4.99
Less: Drawings	-	0.50	1.00	2.00	3.00
<b>Closing Balance</b>	2.61	4.58	7.07	9.89	11.89
CC Limit	5.00	5.00	5.00	5.00	5.00
Term Loan	4.48	3.36	2.24	1.12	-
Sundry Creditors	2.70	3.06	3.44	3.84	4.26
<b>TOTAL :</b>	<b>14.79</b>	<b>16.00</b>	<b>17.75</b>	<b>19.85</b>	<b>21.14</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	5.60	5.60	5.60	5.60	5.60
Gross Dep.	0.56	1.06	1.52	1.93	2.29
Net Fixed Assets	5.04	4.54	4.08	3.67	3.31
<b>Current Assets</b>					
Sundry Debtors	3.21	3.84	4.36	4.92	5.51
Stock in Hand	5.18	5.90	6.68	7.49	8.36
Cash and Bank	1.37	1.72	2.63	3.77	3.97
<b>TOTAL :</b>	<b>14.79</b>	<b>16.00</b>	<b>17.75</b>	<b>19.85</b>	<b>21.14</b>
	-	-	-	-	-

<b>PROJECTED PROFITABILITY STATEMENT</b>					
PARTICULARS	I	II	III	IV	V
<b>A) SALES</b>					
Gross Sale of Moonj Bags	44.89	53.81	61.09	68.82	77.09
Gross Sale of Moonj Baskets	19.24	23.06	26.19	29.49	33.02
<b>Total (A)</b>	<b>64.13</b>	<b>76.87</b>	<b>87.28</b>	<b>98.31</b>	<b>110.11</b>
<b>B) COST OF SALES</b>					
Raw Material Consumed	54.00	61.23	68.80	76.75	85.11
Electricity Expenses	0.45	0.49	0.54	0.58	0.63
Repair & Maintenance	0.25	0.28	0.30	0.33	0.37
Labour & Wages	7.69	8.84	10.25	11.79	13.56
Depreciation	0.56	0.50	0.45	0.41	0.37
<b>Cost of Production</b>	<b>62.94</b>	<b>71.34</b>	<b>80.34</b>	<b>89.87</b>	<b>100.03</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>3.38</b>	<b>3.86</b>	<b>4.38</b>	<b>4.93</b>
<b>Less: Closing Stock /WIP</b>	<b>3.38</b>	<b>3.86</b>	<b>4.38</b>	<b>4.93</b>	<b>5.53</b>
<b>Cost of Sales (B)</b>	<b>59.57</b>	<b>70.86</b>	<b>79.82</b>	<b>89.31</b>	<b>99.44</b>
<b>C) GROSS PROFIT (A-B)</b>	<b>4.56</b>	<b>6.01</b>	<b>7.46</b>	<b>9.00</b>	<b>10.67</b>
	<b>7.11%</b>	<b>7.82%</b>	<b>8.54%</b>	<b>9.15%</b>	<b>9.69%</b>
D) Bank Interest i) (Term Loan )	0.55	0.45	0.32	0.20	0.08
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	1.51	1.69	1.86	2.05	2.25
F) Selling & Adm Expenses Exp.	0.45	0.86	1.22	1.38	1.54
<b>TOTAL (D+E+F)</b>	<b>3.06</b>	<b>3.55</b>	<b>3.96</b>	<b>4.18</b>	<b>4.42</b>
<b>H) NET PROFIT</b>	<b>1.50</b>	<b>2.46</b>	<b>3.50</b>	<b>4.82</b>	<b>6.24</b>
	<b>2.3%</b>	<b>3.2%</b>	<b>4.0%</b>	<b>4.9%</b>	<b>5.7%</b>
I) Taxation	-	-	-	-	1.25
<b>J) PROFIT (After Tax)</b>	<b>1.50</b>	<b>2.46</b>	<b>3.50</b>	<b>4.82</b>	<b>4.99</b>

<b>PROJECTED CASH FLOW STATEMENT</b>					
PARTICULARS	I	II	III	IV	V
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	1.12	-			
Reserve & Surplus	1.50	2.46	3.50	4.82	6.24
Depriciation & Exp. W/off	0.56	0.50	0.45	0.41	0.37
Increase In Cash Credit	5.00				
Increase In Term Loan	5.04	-	-	-	-
Increase in Creditors	2.70	0.36	0.38	0.40	0.42
<b>TOTAL :</b>	<b>15.91</b>	<b>3.33</b>	<b>4.33</b>	<b>5.63</b>	<b>7.03</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	5.60	-	-	-	-
Increase in Stock	5.18	0.73	0.77	0.82	0.87
Increase in Debtors	3.21	0.64	0.52	0.55	0.59
Repayment of Term Loan	0.56	1.12	1.12	1.12	1.12
Taxation	-	-	-	-	1.25
Drawings	-	0.50	1.00	2.00	3.00
<b>TOTAL :</b>	<b>14.54</b>	<b>2.98</b>	<b>3.41</b>	<b>4.49</b>	<b>6.83</b>
Opening Cash & Bank Balance	-	1.37	1.72	2.63	3.77
Add : Surplus	1.37	0.34	0.92	1.14	0.20
Closing Cash & Bank Balance	<b>1.37</b>	<b>1.72</b>	<b>2.63</b>	<b>3.77</b>	<b>3.97</b>

REPAYMENT SCHEDULE OF TERM LOAN						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter		5.04	5.04	0.14	-	5.04
	Iind Quarter	5.04	-	5.04	0.14	-	5.04
	IIIrd Quarter	5.04	-	5.04	0.14	0.28	4.76
	Ivth Quarter	4.76	-	4.76	0.13	0.28	4.48
					0.55	0.56	
II	Opening Balance						
	Ist Quarter	4.48	-	4.48	0.12	0.28	4.20
	Iind Quarter	4.20	-	4.20	0.12	0.28	3.92
	IIIrd Quarter	3.92	-	3.92	0.11	0.28	3.64
	Ivth Quarter	3.64		3.64	0.10	0.28	3.36
					0.45	1.12	
III	Opening Balance						
	Ist Quarter	3.36	-	3.36	0.09	0.28	3.08
	Iind Quarter	3.08	-	3.08	0.08	0.28	2.80
	IIIrd Quarter	2.80	-	2.80	0.08	0.28	2.52
	Ivth Quarter	2.52		2.52	0.07	0.28	2.24
					0.32	1.12	
IV	Opening Balance						
	Ist Quarter	2.24	-	2.24	0.06	0.28	1.96
	Iind Quarter	1.96	-	1.96	0.05	0.28	1.68
	IIIrd Quarter	1.68	-	1.68	0.05	0.28	1.40
	Ivth Quarter	1.40		1.40	0.04	0.28	1.12
					0.20	1.12	
V	Opening Balance						
	Ist Quarter	1.12	-	1.12	0.03	0.28	0.84
	Iind Quarter	0.84	-	0.84	0.02	0.28	0.56
	IIIrd Quarter	0.56	-	0.56	0.02	0.28	0.28
	Ivth Quarter	0.28		0.28	0.01	0.28	- 0.00
					0.08	1.12	
<div> <div>Door to Door Period</div> <div>60 Months</div> </div> <div> <div>Moratorium Period</div> <div>6 Months</div> </div> <div> <div>Repayment Period</div> <div>54 Months</div> </div>							



COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	3.38	3.86	4.38	4.93	5.53
<u>Raw Material</u>					
(10 Days requirement)	1.80	2.04	2.29	2.56	2.84
Closing Stock	5.18	5.90	6.68	7.49	8.36
COMPUTATION OF WORKING CAPITAL REQUIREMENT					
Particulars	Amount	Margin(10%)	Net		
			Amount		
Stock in Hand	5.18				
Less:					
Sundry Creditors	2.70				
<b>Paid Stock</b>	<b>2.48</b>	<b>0.25</b>	<b>2.23</b>		
Sundry Debtors	3.21	0.32	2.89		
<b>Working Capital Requirement</b>			<b>5.11</b>		
<b>Margin</b>			0.57		
<b>MPBF</b>			<b>5.11</b>		
<b>Working Capital Demand</b>			<b>5.00</b>		

<b><u>CALCULATION OF D.S.C.R</u></b>					
<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	2.06	2.97	3.95	5.23	5.36
Interest on Term Loan	0.55	0.45	0.32	0.20	0.08
Total	2.61	3.41	4.27	5.43	5.44
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	0.56	1.12	1.12	1.12	1.12
Interest on Term Loan	0.55	0.45	0.32	0.20	0.08
Total	1.11	1.57	1.44	1.32	1.20
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.35</b>	<b>2.18</b>	<b>2.96</b>	<b>4.11</b>	<b>4.54</b>
<b>AVERAGE D.S.C.R.</b>			<b>3.19</b>		

**Assumptions:**

1. Production Capacity of a Moonj Baskets and Bags unit is taken at 30 Pcs per day. First year, Capacity has been taken @ 50%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10-15 days.
4. Credit period to Sundry Debtors has been given for 15 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 4 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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