

**PROJECT PROFILE
ON BROOMSTICK
MAKING UNIT**



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INTRODUCTION

Broom grass are found in most of the parts of India, but mostly it is found in the hilly areas. In the traditional way brooms are made with palm leaves, coconut leaf ribs, brooms - grass or bamboo wickers, bamboo sticks. Broom grass or Tiger grass is a tall perennial grass of Poaceae family. Broom making is a livelihood for many households in the rural and semi-urban areas. This industry has huge potential for generating employment for the unemployed youth.

Standard	Code	Description
NCO 2015	7317.1000	Broom Maker
ISCO 2008	7317	Handicraft Workers in Wood, Basketry and Related Materials
NIC 2008	32909	Manufacture of other articles n.e.c.

PRODUCTS AND ITS APPLICATION

Broom is one of the essential items for cleaning the house, offices, commercial spaces, Agri-field, etc. The main use of broom is sweeping of floors for cleaning, removing dust, etc

DESIRED QUALIFICATION FOR PROMOTER

Usually in India, tribal population and economically weaker section are involved in the manufacturing process by using simple tools and manual methods.

INDUSTRY OUTLOOK/TREND

Brooms is a common household item. It is used in most of the parts of India. In India almost in every state buyer and exporter of grass broom are available. After the introduction of Super Markets in India, the demand of brooms has risen and those markets sale brooms through those outlets. However, the price of broomsticks varies from place to place and depends upon the quality and types of broomsticks. Grass brooms from India are exported to Nepal, Yemen, Kuwait, Bangladesh, and USA. In USA, there is demand for Indian grass broom, which people purchase from Indian markets available in USA. So, there is no problems of marketing in this industry.

PROCESS

The process of manufacturing broomstick is very simple. Collection of brooms from the field or grasslands and arranging them by sizing, grading, and packing can be done simultaneously. For making broomstick,

materials like broom grass, palm leaves, coconut leaves, (any of the materials can be used for making broom) are arranged and cut into required size with a cutter in a proper way and fastened together with the wooden handle by winding and stapling the wire, rope, leather, or metal strips. After that, it requires trimming the broom material for uniform length. Finally, broomsticks are packaged in a suitable bundle using packing machine.

RAW MATERIAL REQUIREMENTS (Annual)

Sl. No.	Particulars	Quantity (Kg)	Value (Rs.)
1	Broom grass or palm leaves or coconut leaves	30 tons	150000
2	Packaging materials and consumables like Plastic Handle and Others		100000

MANPOWER REQUIREMENT (per month)

Type	Number	Cost (Rs.)
Manager	1	20,000
Labour (1 skilled and 4 unskilled)	5	75,000
Total	6	95,000

IMPLEMENTATION SCHEDULE

Particulars	Units	Details
Land rented	750 sq. ft.	20,000
Machinery & tools	INR	80,000
Broom Sizing and Cutting Machine (1)	INR	40,000
Bundle Making Machine (1)	INR	25,000
Tools and equipment	INR	8,000
Add: Installation, transportation, etc. @ 10%	INR	7,300

OTHER EXPENSES (PER MONTH)

Sl. No	Particulars	Cost (Rs.)
1	Land rent	20,000
2	Electricity	2,000
3	Advertising & Traveling	5,000
4	Transport	20,000
5	Misc. Fixed assets (Furniture, etc.)	15,000
6	Contingencies, Communication & Stationery	5,000
	Total	67,000

WORKING CAPITAL (per month)

Sl. No	Particulars	Cost (Rs.)
1	Raw Material	21,000
2	Salaries & Wages	95,000
3	Other expenses	67,000
	Total	1,83,000

TOTAL CAPITAL INVESTMENT

Sl. No	Particulars	Cost (Rs.)
1	Working Capital	1,83,000
2	Machinery	80,000
	Total	2,63,000

COST OF PRODUCTION

Sl. No	Particulars	Cost (Rs.)
1	Total recurring cost per annum	21,96,000
2	Depreciation on machinery & equipment	8,000
3	Interest (10%)	21,960
	Total	22,25,960

IMPLEMENTATION SCHEDULE

Project Stages	Months.....					
	1	2	3	4	5	6
Rent Agreement						
Ordering of Machinery						
Delivery of Machinery						
Term/Working Loan Sanction						
Installation of Machinery						
Commissioning of Plant						
RM/Inputs Procurement						
Manpower Appointments						
Commercial Production						

COST OF THE PROJECT

Sr. No	Costing Heads	Rs. Lakh
1	Land+ Building Expenses	2.40
3	Plant & Machinery	0.80
4	Contingency	1.00
	Total Cost of Project	4.20

SALES PROCEEDS (PER ANNUM)

Sl. No	Particulars	Quantity	Value (Rs.)
1	Brooms	75000	30,00,000

	Total		30,00,000
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PROFITABILITY (BEFORE INCOME TAX)

Sl. No	Particulars	Profit
1	Annual Gross Profit (INR) = Annual Sales – Annual Recurring Cost	7,74,040
2	% Of profit on sales	25.8%
3	Break-even point analysis	
A.	Net sales (in Rs. lakh)	30
B.	Variable cost	
B1	Raw Materials	1.5
B2	Other expenses	8.4
B3	Interest on Working Capital Loan	0.22
	Total variable cost	10.12
C.	Contribution (A-B)	19.88
D.	Fixed & Semi-fixed Costs	
D1	Salary	11.40
D2	Repair & maintenance	0.01
D3	Interest on Term Loan	0.22
D4	Depreciation	0.08
	Total fixed cost	11.71
E.	BREAK EVEN POINT	58.9%

Break-even point

$$\frac{\text{Annual Fixed Cost} \times 100}{\text{Annual Sales} - \text{Annual Variable Cost}} = \%$$

PROFITABILITY CALCULATIONS

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
	Gross Sales (Lakh)	30	32	36	36	36
A	Less: (Lakh)					
1.	Recurring Cost	22.0	25.0	28.0	28.0	28.0
2.	Depreciation	0.08	0.1	0.1	0.1	0.1
3.	Interest	0.2	0.22	0.25	0.25	0.25
B	Production cost	22.28	25.32	28.35	28.35	28.35
C	Gross Profit	7.72	6.68	7.65	7.65	7.65
	Taxes @ 18%	1.39	1.20	1.38	1.38	1.38
	Net Profit	6.33	5.48	6.27	6.27	6.27

References

- Report Broom Making – Mansavi <https://mansavifromheart.blogspot.com>
- NSTFDC Report on Broom Stick Making
- Khadi & Village Industries Commission on Broom Making
- Video Link- <https://youtu.be/mgi5ps7yz6Q>

MACHINERY SPECIFICATIONS

1. Product Name: Broom cutting machine
2. The Size of machine: About 3000*600*2000mm
3. Function: Hand Operation
4. Voltage: 220V Wattage: 3000W
5. Filament: PP, PET, NYLON

MANUFACTURES/ SUPPLIERS OF MACHINERY

- Shanta Engineering66, Ravi Shankar, Shukla Nagar, Railway Station Road dewas, Madhumilan Squar, Industrial Area No.1, Dewas-455001, Madhya Pradesh, India
- Arihant Engineering, Shed No. 6, Industrial Area, Ujjain Road, Dewas-455001, Madhya Pradesh, India

STATUTORY/ GOVERNMENT APPROVALS

There is statutory requirement of FSSAI license for setting up of food processing industry. Moreover, MSME & GST registration, IEC Code for Export of end products and local authority clearance may be required for Shops and Establishment, for Fire and Safety requirement and registration for ESI, PF and Labour laws may be required if applicable. Entrepreneur may contact State Pollution Control Board where ever it is applicable.

DISCLAIMER:

This is an indicative illustration of project profile; the above calculation can vary with the locations. 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.

DISCLAIMER:

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