

CHARCOAL MAKING

1. INTRODUCTION

Charcoal is used as a fuel for cooking purposes by middle and low class families and also by hotels, tea stalls etc. particularly in block (Mandal Head quarters). The raw material for manufacturing charcoal is available in plenty in forest tribal areas.

2. MARKET

It has good demand in hotels/dhabas. It is also used in households in rural areas and small towns. The product finds application in rural artisan based activities also. The consumption is expected to increase in view of growing demand in the above segments.

3. MANUFACTURING PROCESS

Branches of casurina/fire wood trees are cut into small pieces and loaded into pyrolysis drums. The wood is fired in the absence of air. The product is quenched and packed in gunny bags.

4. PRODUCTION CAPACITY PER ANNUM

Capacity 200 tons
Selling Price Rs. 2600 ton

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	5000
2	Fixed Capital	40000
3	Working Capital for 1 month(s)	39500
	Total Project Cost	84500

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	12675
2	Subsidy	20%	16900
3	Term Loan	65%	54925
	Total		84500

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings

Rented

1000 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Chaff Cutter	1	20000	20000
2	Pyrolysis drums	1	10000	10000
3	Bowls, sieves etc.	1	10000	10000
4				0
5				0
6				0
7				0
				0
				0
	Total			40000

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Supervisor/Entrepreneur	1	3000	3000
2	Skilled Workers	2	2500	5000
3	Unskilled Workers	1	1500	1500
4		0		0
5		0	0	0
	Total			9500

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	Casurina Wood		LS	25000	25000
			0	0	0
			0	0	0
			0	0	0
	Total				25000

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	1000
2	Water	LS	500
	Total		1500

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	0
2	Transportation Expenses	2000
3	Advertisement Expenses	0
4	Consumable Stores	0
5	Miscellaneous Expenses	500
	Total	2500

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	1000
2	Salaries and Wages	9500
3	Raw Material	25000
4	Utilities	1500
5	Other Expenses	2500
	Total	39500

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	474000
2	Depreciation @ 15%	6000
3	Interest @ 12%	6591
	Total	486591

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1	Charcoal	tons	200	2600	520000
	Total				520000

10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	6000
2	Interest	6591
3	Rent	12000
4	Salaries & Wages @ 40%	45600
5	Other Expenses incl. Utilities @ 40%	19200
	Total	89391

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	33409
2	Percentage of Profit on Sales		6%
3	Return on Investment		40%
4	Break Even Point		73%