

POLYMER AND CHEMICAL BASED INDUSTRY
MODEL PROJECT PROFILE FOR PRIME MINISTER EMPLOYMENT
GENERATION PROGRAMME
MANUFACTURING OF AGARBATTI

India is a vast country and the Indian people follow various religions, speak different languages and follow different customs and traditions. In spite of this diversity, all people use Agarbatti (Incense sticks) at all the places of worship, religious functions, festive occasions, weddings. This itself speaks volumes of the paramount importance Agarbatti has. Besides, it is also used as air-freshener.

Agarbatti Industry is a real employment generator and is capable of providing employment to the weaker sections of both the urban and rural populace. Most of the persons engaged in fashioning Agarbattis are women.

A salient feature of Agarbatti Industry is that raw materials are provided by Agarbatti units to artisans who do the job of rolling of Agarbatti at their home besides looking after their children and household work. This largely helps them to supplement their recent family income. Agarbatti has become a significant foreign exchange earner because of its demand in overseas markets.

Significant Characteristics of the Agarbatti Industry

1. Technical-know-how is simple.
2. Sophisticated equipment are not required.
3. Implements/tools used are simple, portable and not costlier.
4. Large capital investment is not required.
5. Initially the industry can be started with a small investment even at the residence of the artisans.
6. Eco-friendly
7. Highly labour-intensive industry
8. No dependence on power supply.
9. No work related hazards.

1	Name of the product		Agarbatti	
2	Project Cost			
	a. Capital Expenditure		Rs. 4,00,000.00	
	▪ Land & Building Shed 800 sq.ft.@ Rs.500/-			
	▪ Equipment Wooden rolling Desks, Patla, Kadai, spoons, measuring glass, tin trays, aluminium vessels, blow lamp stove, weighing balance, jars, aluminium		Rs. 60,000.00	
	Total capital expenditure		Rs.4,60,000.00	
	b) Working capital		Rs.2,64,000.00	
	Total project cost		Rs.7,24,000.00	
	Say Rs.		Rs.7,25,000.00	
3	Estimated Annual Production of Agarbatti (2500 kg.)			
Sr.No	Particulars	Cap. (No.of.Pkt.)	Rate Rs. (Per pkt)	Total Value
1	Agarbatti (20 Sticks in one pkt.)	1,25,000	12.00	15,00,000.00

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4	Raw Materials	6,37,500.00
5	Packaging materials	2,00,000.00
6	Wages	70,000.00
7	Salary	48,000.00
8	Office Expenses	8,000.00
9	Overheads	10,000.00
10	Miscellaneous expenses	10,000.00
11	Depreciation	26,000.00
12	Insurance	
	▪ On C.E loan -Rs 4,600.00	
	▪ On stocks -Rs 8375.00	12,975.00
13	Interest as per PLR	
	a) Capital Expenditure Loan	59,800.00
	b) Working Capital Loan	34,320.00
	Total interest	94120.00
14	Working capital requirement	
	▪ Fixed Cost	1,38,775.00
	▪ Variable Cost	9,17,500.00
	▪ Total	10,56,275.00
	▪ Requirement of W.C. per cycle(Total 4 cycles)	2,64,000.00

15. Estimated cost analysis

Sr. No	Particulars	Capacity Utilization (Rs.'000)			
		100%	60%	70%	80%
1	Fixed Cost	1.38	0.83	0.96	1.10
2	Variable Cost	9.17	5.50	6.41	7.33
3	Cost of Production	10.55	6.33	7.37	8.43
4	Projected sales	15.00	9.00	10.05	12.00
5	Gross Surplus	4.45	2.7	3.11	3.56
6	Expected Net Surplus	2.25	1.35	1.58	1.80

Note:

- All figures mentioned above are only indicative and may vary from place to place and also the varieties of the products depending on the length of Agarbatti Sticks and also the number of sticks used.
- If the investment on building is replaced by using rental building the following benefits can be derived.
 - Reduction in total cost of Project will be come down.
 - Increasing profit.
 - Reduction of interest on C.E. Loan.