

**PROJECT PROFILE ON  
MANUFACTURING OF STEEL FURNITURE**

<b>PRODUCT</b>	<b>:</b> <b>STEEL FURNITURE</b> <b>1. STEEL ALMIRAHS</b> <b>2. STEEL CUPBOARDS</b> <b>3. STEEL CHAIRS</b>
	<b>IS : 5291-1969</b> ( <i>Specification for tables, operation, hydraulic, major</i> )
<b>IS STANDARD / SPECIFICATION</b>	<b>:</b> <b>IS 6106 – 1971</b> ( <i>Specification for tables, operation, hydraulic, minor</i> )  <i>As per Customers specification</i>
<b>PRODUCTION CAPACITY</b>	<b>:</b> <b>1. STEEL ALMIRAHS – 1200 Nos /annum</b> <b>2. STEEL CUPBOARDS – 1200 Nos / annum</b> <b>3. STEEL CHAIRS - 3600 Nos. / Annum</b>
<b>MONTH &amp; YEAR PREPARATION</b>	<b>:</b> <b>May 2020</b>
<b>PREPARED BY</b>	<b>:</b> <b>MSME Development Institute,</b> <b>Bamunimaidam, Guwahati-21</b> <b>Ministry of Micro Small and Medium Enterprises</b> <b>Govt. of India</b>

## INTRODUCTION

Furniture market in India has been witnessing upswings in both office furniture and household furniture sale for the past few years. It has been estimated that the growth rate of 15 per cent is being achieved every year in the office furniture market. India presents a favourable outlook to sell furniture, with the total Indian furniture industry being estimated at amount Rs.35,000 crores.

India has a middle class population of over 40 crores, whole purchasing power is on the upsurge. With the upper class and upper middle class population also being put together, the furniture market should have to present a rosy picture all along. Their life styles got changed thanks to the impact of foreign culture after being exposed to the foreign media. The great access to modern dwellings in foreign countries through mass media makes Indian consumers being aware of latest models of household furniture and they have started expecting them to be for displays, only to be bought later.

Pattern of India's Furniture Industry The furniture industry in India is considered as a "non-organised sector" as many units with a few lakhs as capital started working in large cities and turns. The steel furniture, with conventional models has steady demand all throughout the year.

Preference towards Readymade Furniture :

Gone are the days when the people placed orders for the furniture of their choice. In those days, there were skilled carpenters who with their immaculate and artistic skill really mesmerized the customers. They brought out exquisite furniture, which was dreamt by the customers. Their flair for excellence was rewarded well, as the rich could manage to keep the carpenters, live upto their expectations. The present trend has been preference to readymade furniture. As the furniture belongs to shopping goods, the customers use the occasion to go out to the units with their families to see for themselves and buy the furniture which meets their desires. Further, they can ill afford to wait for long period to place orders with the local carpenters and get the view finished. There is death of skill among the carpenters, which makes the customers prefer readymade furniture. It was found that only about 10 per cent of the public still have their furniture made by local carpenters. One more reason for the choice of readymade furniture is that there is no guarantee of after sales service when one is local carpenter. And no matter how skilled the carpenter is, he cannot equal the finish the readymade that imported furniture can give. When a customer prefers the furniture made by a carpenter, the possibilities of customizing the piece have high prospects. This option is not usually available regarding readymade furniture.

**B. MARKET:** As mentioned above, the steel almirahs, steel cup boards and steel chairs find their extensive use in industrial, commercial and household activities. These items are also used by various Govt. organizations. With the growth of industrial, commercial and household establishments, the demand of steel furniture items has increased considerably. Various Govt. organizations also procure these items directly or through annual rate contract system. Hence there is a good market potential for above items.

**C. BASIS AND PRESUMPTIONS:**

1. The scheme is worked out on a single shift basis of 8 hours in a day for 25 working days in a month.
2. The rate of interest in the scheme has been worked out on the basis of 12% on an average; however, this figure is likely to vary depending upon the financial outlay of the project as well as location of the unit.
3. The cost of machinery and equipment as indicated is approximate ruling locally at the time of preparation of the scheme.
4. The rates considered in respect of salaries and wages for workers and others are the minimum rates in the state/neighboring states.
5. Land and building is on rent.

#### D. IMPLEMENTATION SCHEDULE:

Implementation of the project involve various activities like preparation of Detail Project Report (DPR), Site selection, Trade Licence Registration, Financial Arrangements / Loan, Procurement of Machineries / equipments / Raw materials, Electrification and Installation, Recruitment of Staff and workers. In order to implement the project efficiently and in the shortest period there is a need to initiate many activities simultaneously as far as possible. This will not only cut the slack period but also will give quick results and be cost effective. It is advised to follow PERT/CPM/NET WORK analysis technique for implementation along with their estimated time requirement is given below:

Project implementation will take a period of 6 months from the date of approval of scheme. Break up of individual activity is shown below :-

S. No	Activity	Period ( In weeks)
1.	Preparation of the project report	01
2.	Site Selection	02
3.	Trade license Registration	05
4.	Financial Arrangement / Loan	08
5.	Procurement of Machinery & Equipments	04
6.	Installation and Electrification	03
7.	Recruitment of Staff and workers	01

#### E. TECHNICAL ASPECTS:

- i) Manufacture of steel furniture involve the operations like steel shearing, sheet folding/ pipe bending, press work, spot welding, gas welding, painting/ powder coating etc. The size and design of furniture may be as per customer/IS specifications.
- ii) This project profile envisages production of following steel furniture items with their production capacity mentioned against each.

a.	Steel Almirahs	76" x 38" x 19"	:	960 Nos./ Annum
		48" x 36" x 18"	:	240 Nos./ Annum
b.	Steel Cup Boards of assorted sizes		:	1200 Nos./ Annum
c.	Steel chairs	Folding type	:	1800 Nos. / Annum
		S-type	:	1800 Nos. / Annum

- iii) The motive power required for the project will be to the tune of 20 KW.
- iv) All the machines and equipments mentioned in the project profile are of indigenous make and are of medium price.
- v) There is no special feature attracting energy conservation and pollution control. However preventive maintenance of machines, use of shunt capacitors on electrical motors will be effective for efficient running the machines and conserving electrical energy. For lighting purpose the use of composite fluorescent lamps and electronic chokes may be made as far as possible.

**F. FINANCIAL ASPECTS:**

**1. Land & Building** **Amount (Rs.)**

Built up area of 500 sq.mtrs. on rental basis **15,000**  
 @ Rs. 15000/- Per month.

**2. Machinery & Equipments.**

**a. Production unit:**

Sl. No.	Description of machine/equipment	Qty. (No.)	Amount (Rs.)
1	Guillotin shearing machine	1	5,00,000
2	Power operated Universal sheet folding press machine	1	5,00,000
3	Power press C frame, 20 ton capacity	1	1,50,000
4	Spot welding machine	1	1,50,000
5	Pipe bending machine	1	1,00,000
6	Bench grinders	2	50,000
7	Bench drilling machine	1	38,000
8	Flexible grinder	1	25,000
9	Portable drilling machine	1	18,000
10	Gas welding machine	1	25,000
11	Powder coating machine	1 set	6,00,000
12	Precision measuring instruments like thickness gauges, micrometers vernier, gauges etc.	-	25,000
13	Office furniture / Computer and IT accessories	-	1,00,000
14	Cost of jigs, fixtures, dies, hand tools, material handling equipments etc.	-	50,000
		<b>TOTAL</b>	<b>23,31,000</b>
	Installation and electrification charges @ 10% of cost of machines and equipments etc.		2,33,100
	Preoperative expenses including securities		75,000
		<b>TOTAL</b>	<b>26,39,100</b>

**4. WORKING CAPITAL (PER MONTH) :**

**I. Salaries**

S.No.	Designation	Nos.	Salary (Rs.)	Amount(Rs.)
1	Manager	1	15,000	15,000
2	Supervisor/Foreman	1	10,000	10,000
3	Accountant/Clerk/Commercial Asstt.	1	5,000	5,000
4	Skilled Workers	4	5,000	20,000
5	Helpers	2	2,500	5000
6	Security	1	3000	3000
7	Cleaning Staff	2	2000	2000
8	Misc. Expenses			10,000
			<b>TOTAL</b>	<b>70,000</b>

**II. UTILITIES (Expenses Per Month)**

Sl. No.	Items	Amount
a.	Electricity expenses & Water Charges	<b>10,000</b>

### III. RAW MATERIALS (Expenses per month)

S. No.	Particulars	Qty.	Rate (Rs.)	Amount (Rs.)
1	CRC/BP sheet of 18,20,22,24 gauges	15 MT	40000 / MT	6,00,000
2	M.S. pipe	2000 Kg	Rs 50 / Kg	1,00,000
4	M.S. rod 10mm dia.	100 Kg	35 / Kg.	3500
5	Seat and back with wooden frame caned for chairs	150 Pairs	400 each	60,000
6	Wooden handles for S-type chairs.	150 Pairs	60 each	9,000
7	Plastic cane for folding chairs	50 Kg	100 / Kg	5000
8	Fasteners like, rivets, screws, nuts/bolts, gas refills etc.		2500	2,500
9	Lock, handles and fittings.			20,000
10	Paints, primers and chemicals etc			15,000
11	Packing materials like poly sheets, juts cloth etc.			6,000
			<b>TOTAL</b>	<b>8,21,000</b>

### IV. OTHER EXPENSES (per month):

Sl. No.	Item	Amount
1	Postage, stationery and telephone charges	2,000
2	Rent	15,000
3	Repair and maintenance	5,000
4	Transport and traveling	10,000
5	Consumable stores	5,000
6	Advertisement and publicity	10,000
7	Insurance	5,000
8	Sales expenses	3,000
9	Misc. expenses	5,000
	<b>TOTAL</b>	<b>60,000</b>

### V. TOTAL RECURRING EXPENDITURE (Per Month):

Sl. No.	Expenses	Amount
1	Salaries	70,000
2	Utilities	10,000
3	Raw materials	8,21,000
4	Other expenses	60,000
	<b>TOTAL</b>	<b>9,61,000</b>

### VI. TOTAL CAPITAL INVESTMENT:

a. Machinery and equipments	26,39,100
b. Working capital for two months	19,22,000
<b>Total</b>	<b>45,61,100</b>

### G. MACHINERY UTILISATION:

The production capacity in this project profile is based on 75% capacity utilization of installed machinery.

## H. FINANCIAL ANALYSIS:

### 1. Cost of Production

a	Total recurring cost per annum		Rs. 1,15,32,000
b	Depreciation on machinery & equipments @ 10%		Rs. 2,15,600
c	Depreciation on Furniture and office equipment @ 20%		Rs. 20,000
d	Depreciation on tools, dies and measuring instruments @ 25%		Rs. 18,750
e	Interest on total investment @ 12% pa		Rs. 5,47,332
f	Total		<b>Rs. 1,23,33,682</b>

### 2. Total Sales (per annum)

Sl. No.	Items	Qty	Rate (in Rs)	Total Sales	
1	Steel Almirah	76"x38"x19"	960 Nos	10,000	96,00,000
		48"x36"x18"	240 Nos	8,000	19,20,000
2	Steel Cup Boards of assorted sizes	1200 Nos	1000	12,00,000	
3	Steel chairs	Folding type	1800 Nos	1000	18,00,000
		S-type	1800 Nos	2000	36,00,000
4	Scrap	6000 Kg	18	1,08,000	
<b>TOTAL</b>				<b>1,82,28,000</b>	

3. **Net Profit ( Per Year) (Before Tax) = Total Sales – Cost of Production**  
= Rs. 1,82,28,000 - Rs. 1,23,33,682  
= Rs. 58,94,318

4. **Profit Ratio = Net Profit x 100 / Turnover per annum**  
= Rs 58,94,318 x 100 / 1,82,28,000  
= 32.34 %

5. **Rate of Return = Net Profit Per Year x 100 / Capital Investment**  
= Rs 58,94,318 x 100 / 1,41,71,100  
= 41.6 %

