

# Traditional Footwear

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Production Capacity	Rs. 20 lakh
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## 1.0 Product and Its Applications

As per the traditional and modern demands of the people, footwear is made in various designs. The traditional footwear, e.g. chappal is made according to the market trend and requirements of the customers. This type of chappal, which serves multi-purpose needs, is used in villages, deriving the name "Ethnic Footwear".

This chappal is prepared with leather/velvet upper. Embroidery work is done on the upper which is stitched on to the leather sole. This chappal is made completely as one piece. This is without lace so it is easy to wear and remove. It is famous among the people of Rajasthan and is known as "Jodhpuri chappals". Similarly other regions have their special designs. According to the liking and demands of customers, various colours and designs of these chappals are made. Wearing these chappals has become fashion, including special occasions like marriages and festivals.

## 2.0 Market Potential

At present, there is heavy demand for this item in the market. This item is also convenient for agro-work. The villagers, therefore, like to wear them. As it is also a fancy wear, embroidery work is done to make it more attractive and appealing. There is a lot of demand for this item in Haryana, Punjab, Uttar Pradesh, Madhya Pradesh, etc. other than its home state Rajasthan. In order to exploit the said market potential, some units can also be started in States like Kerala.

## 3.0 Basis and Presumption

- The unit will work for 300 days per annum on a single shift basis.
- The unit can achieve its full capacity utilization during the 2<sup>nd</sup> year of operation.
- The wages for skilled workers are taken as per prevailing rates.
- Interest rate for total capital investment is calculated @ 12% per annum.
- The entrepreneur is expected to raise 20-25% of the capital as margin money.
- The unit would use a rented building.
- Costs of machinery are based on average prices of machinery manufacturers.

## 4.0 Implementation schedule

Project implementation will take a period of 6 months. Break-up of the activities and relative time for each activity is shown below

Scheme preparation and approval	01 month
SSI provisional registration	1-2 months
Sanction of financial supports etc	2-5 months

Installation of machinery and power connection	3-4 months
Trial run and production	01 month

## 5.0 Technical Aspects

### 5.1 Location

The plant can be located at any suitable place keeping in view the marketing convenience, availability of raw materials, ingredients, power, water and skilled manpower.

### 5.2 Salient Features of Process / Technology

First of all the pattern is cut according to the size for preparing such footwear. According to the pattern, foam velvet is cut and design is made and embroidery work is done. After embroidery work goat leather is stitched at lower side and cut. After preparing the upper sole is cut according to the pattern. After cutting the sole and upper these are placed at inner portion of sole and hand stitching is done by thread. A small piece of leather is stitched on the back portion of the chappal stitching the upper chappal putting chappal last. After finishing it is inspected and packed.

Quality Specification: At present there are no quality specifications for such traditional footwear. But for exports, specifications are provided by the buyers. The raw materials should have good quality of uppers and soft sole. Care should be taken to click the right components from the right portion of the leather. Before taking different components to the closing section, inspection is to be done to ensure quality. Good quality thread is to be used to ensure proper stitches between different components.

## 6.0 Pollution Control

There is no major pollution problem associated with this industry except for disposal of waste which should be managed appropriately.

## 7.0 Energy Conservation Energy Conservation

Not applicable.

## 8.0 Production Capacity

Quantity	22,500 pairs
Installed capacity	32,000 pairs
Optimum capacity utilization	70%
Working days	300
Manpower	18

Utilities	
Motive Power	3 kWhr

## 9.0 Financial Aspects

### 9.1 Fixed Capital

#### 9.1.1 Land & Building Amount(Rs. lakh)

Particulars	Amount
Land 100 sq.m, on rent	-
Built up area 80 m <sup>2</sup>	-
Total cost of land and building	<b>Nil</b>

#### 9.1.2 Machinery and Equipment Amount (Rs. lakh)

Description	Amount
Flat Bed Sewing Machine with Motor, Stand & Table Clutch Type-2; Combined Finishing Machine-1, Stapling Machine-1, Plastic Last for Chappal-100 pairs, Tools, equipment,	3.80
Erection & electrification of machinery & equipment @10% cost	0.38
Office furniture & fixtures	0.32
<b>Total</b>	<b>4.50</b>

#### 9.1.3 Pre-operative Expenses Amount (Rs. lakh)

Consultancy fee, project report, training, deposits with electricity department etc	<b>0.50</b>
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#### 9.1.4 Total Fixed Capital Amount (Rs. lakh)

(9.1.1+9.1.2+9.1.3)	<b>0.50</b>
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### 9.2 Recurring Expenses Per Annum

#### 9.2.1 Personnel Amount (Rs. lakh)

Designation	No.	Salary Per month	Amount
Footwear Technologist/Production Manager	1	12,000	01.44
Designer	1	08,000	00.96
Supervisor	1	06,000	00.72
Accounts/Office Assistant	2	05,000	01.20
Storekeeper	1	04,500	00.54
Technician	1	05,000	00.60
Skilled workers	5	04,000	02.40
Semi skilled workers	4	03,500	01.68
Unskilled workers	2	03,000	00.72
			10.26
Perquisites @ 15 %			01.54
<b>Total</b>	<b>18</b>		<b>26.80</b>

### 9.2.2 Raw Material including packaging materials Amount (Rs. lakh)

Particulars	Qty (t)	Rate/t (Rs.)	Amount
Velvet	1620 m	160/m	02.60
Goat leather	111600 dcm	9/dcm	10.04
V-T Sole	5.4 t	2,00,000/t	10.80
Canvas/Foam	1.08 km	1,00,000/km	01.08
Embroidery	22,500 pairs	9.50/pair	02.14
Grindery items	22,500 pairs	8.00/pair	01.80
<b>Total</b>			<b>28.46</b>

### 9.2.3 Utilities Amount (Rs. lakh)

Particulars	Amount
Power	00.92
Water	00.08
<b>Total</b>	<b>01.00</b>

### 9.2.4 Other Contingent Expenses Amount(Rs. lakh)

Particulars	Amount
Repairs and maintenance @10%	00.45
Consumables & spares, others	00.42
Transport & travel	00.48
Publicity, postage, telephone	01.40
Insurance @1%	00.05
Rent @ Rs.10.000/ P.M.	01.20
<b>Total</b>	<b>04.00</b>

### 9.2.5 Total Recurring Expenditure Amount (Rs. lakh)

(9.2.1 + 9.2.2 + 9.2.3 + 9.2.4)	<b>60.26</b>
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### 9.3 Working Capital Amount (Rs. lakh)

Recurring expenses for 3 months	<b>15.00</b>
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### 9.4 Total Capital Investment Amount (Rs. lakh)

Fixed capital (Refer 9.1.4)	05.00
Working capital (Refer 9.3)	15.00
<b>Total</b>	<b>20.00</b>

## 10.0 Financial Analysis

### 10.1 Cost of Production (per annum) Amount (Rs. lakh)

Recurring expenses (Refer 9.2.5)	60.15
Depreciation on building @ 5%	-
Depreciation on machinery @10%	00.40
Depreciation on furniture @ 20%	00.05

Interest on Capital Investment @ 12%	02.40
<b>Total</b>	<b>63.00</b>

### 10.2 Sale Proceeds (Turnover) per year Amount (Rs. lakh)

Item	Qty	Rate/pair (Rs.)	Amount
Chappals	22,500 pairs	330	74.25

### 10.3 Net Profit per year

	= Sales - Cost of production
	= 74.25 – 63.00
	= Rs. 11.25 lakh

### 10.4 Net Profit Ratio

	Net profit x 100
	Sales
	11.25 X 100
	74.25
	= 15.15 %

### 10.5 Rate of Return on Investment

	Net profit x 100
	Capital Investment
	11.25 X 100
	20
	= 56.25%

### 10.6 Annual Fixed Cost Amount (Rs. lakh)

All depreciations	00.45
Interest	02.40

40% of salary, wages, utility, contingency	12.72
Insurance	00.05
<b>Total</b>	<b>15.62</b>

## 10.7 Break even Point

	Annual Fixed Cost x100
	Annual Fixed Cost + Profit
	15.62 X 100
	15.62+11.25
	1562
	26.87
	58 %

## 11. Addresses of Machinery amp; Equipment Suppliers

- M/s. Leather & Packing Machinery Corporation,  
1/23B, Asaf Ali Road ,  
New Delhi 110 02
- M/s. Harman Sales Union ,  
24, Kala Bhavan, Mathew Road ,  
Mumbai 400 004
- M/s. Srinivasan,  
No. 32, Bishop Garden ,  
Chennai 600 028
- M/s. NSIC Technical Services Centre,  
Sector B.24, Guindy Indl. Estate, Eakkatuthangal Post,  
Chennai 600 097
- M/s. Solar,  
Atur House, Worli Nagar,  
Mumbai 400 018
- M/s. Raj Machine Home,  
35/118-D, Lashkarpur, Near Kamla Nagar,  
Agra 282 005
- M/s Twin Star Engineering,  
No.2, Thiruneer Malai Road , Pammal,  
Chennai – 600075
- M/s. Sanghvi Shoe Accessories Pvt. Ltd.,  
3, Hari Kripa, 10th Road,Chembur,  
Mumbai 400 071

- Apparel & Leather Technics Pvt Ltd,  
515, Avanashi Road , Tirpur – 641602
- M/s. Valliappa Leather Corporation,  
3/5&6, Narayana Chetty Street , Periamet, Chennai 600 003
- M/s. T. Abdul Wahid & Co., 26,  
Veppery High Road ,  
Chennai 600 003
- M/s. Synthokem Industries,  
5, Hindi Parachar Sabha Street ,  
Chennai 600 017
- M/s. Bharani Agencies,  
126, Thanmbuchetty Street ,  
Chennai 600 001

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