

## PROJECT PROFILE : ETHNIC FOOTWEAR

### INTRODUCTION

As per the traditional and modern demands of the people, footwear's are made in various designs. The Ethnic Footwear's are made according to the requirements of the customers. This type of chappal, which serves multi-purpose, is mainly 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". Since Madhya Pradesh is bordering Rajasthan, about 90% of the people of MP in villages also use these chappals. 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.

### MARKET POTENTIAL

At present, there is heavy demand for this item in the market. This item is far more convenient also 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 embossing. 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.

### BASIS AND PRESUMPTION:

1. Efficiency and Working Hours	Single Shift basis consisting of 8 Hours per day, 25 working days in a A month and 300 working days in a year
2. The time period for achieving the full- envisaged capacity utilization	1 to 1 1/2 years
3. Labour wages	Monthly basis
4. Interest Rate for fixed working capital	18 %
5. Margin Money	25 %
6. Operative Period of the Project	2 to 10 years
7. Land and Building	Rented
8. Pay back period of Loan	10 Years

### IMPLEMENTATION SCHEDULE

1. Registration and Other formalities	1 month
2. Land acquisition and Quotation	2 months
3. Construction Work	4 to 5 months
4. Machinery Purchasing and its Installation	2 to 3 months
5. Trail Production	1 month - (total 12 months)

### TECHNICAL ASPECTS

#### (i) PRODUCTION DETAILS AND PROCESS OF MANUFACTURE

First the pattern is cut according to the size for preparing Ethnic Footwear. According to the Pattern foam, Velvet is cut and design is made on that and Embroidery work is done. After Embroidery work Goat Leather As there is stitched in lower side and is cut according to the

upper. After preparing upper sole is cut according to the pattern. After cutting the sole and upper is placed inner portion of sole and hand stitch is made by thread. At least one small piece of leather is stitched on the back portion of the chapel stitching the upper chappal is given correct shape by putting chappal last and after finishing it is inspected and is packed.

**(ii) Quality Specification:**

At present no quality specifications for Ethnic Footwear are available. But for export order, specifications are provided by the buyers only. The raw materials for Ethnic Footwear should have good quality of uppers and have soft type sole should be uniform colour. 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.

**(iii) Production Capacity (Per Annum)**

- i) Quantity - 22,500 pairs
- ii) Value - Rs. 32,17,500

**(iv) MOTIVE POWER - 3 K.W.**

**(v) Pollution Control Not Applicable**

**(vi) Energy Conservation:**

Regular power supply is required to run the unit smoothly as the sewing machines are motorized.

**FINANCIAL ASPECTS**

**1.FIXED CAPITAL:**

Land & Building Rented  
Covered Area 100 Sq. Met. Rs.5, 000 per month

**2. Machinery & Equipments**

SL. No.	Machinery & Equipments Description	IMP. /IND	QTY.	RATE Rs.	Value Rs.
1	Flat Bed Sewing Machine with Motor, Stand & Table Clutch Type	Ind	2Nos.	10,000	20,000
2	Combined Finishing Machine	Ind	1	80,000,	80,000
3	Stappling Machine	Ind	1	30,000	30,000
4	Plastic Last (Chappal)	Ind	100 pairs	300	30,000
5	Tools, Equipments		L.S.		10,000
6	Electrification and Installation Charges @ 10% of machine cost		L.S.		14,000
7	Office Equipment, Furniture etc.		L.S.		20,000
	<b>Total</b>				<b>2,04,000</b>

Rs. 20,000

**PRE OPERATIVE EXPENSES**

Total Fixed Capital (2+3) Rs 2,24,000

### 3. Working Capital (per month)

#### a) Personnel (Administrative and Supervisory) per month

S No.	Description	No	Salary @ Rs.	Total (Rs.)
1	Footwear Technologist/Production Manager	1	7000	7000
2	Designer	1	6000	6000
3	Supervisor	1	5000	5000
4	Accountant-cum-Cashier	1	4000	4000
5	Clerk-cum-Typist	1	3000	3000
6	Mechanic	1	3500	3500
7	Machine Operator/Skilled Worker	5	3500	17,500
8	Semi Skilled Worker	4	2000	8000
9	Store Keeper	1	2500	2500
10	Peon/Chowkidar	1	2000	2000
	Total			58,500
	Perquisites @ 20%			11,700
	<b>Total</b>			<b>70,200</b>

#### b) Raw materials (PM)

SL No	Description	Qty	Rate	Value (Rs)
1	Velvet	124 meter	Rs 100/met.	12,400
2	Goat leather	9,300 dcm.	Rs 4/dcm.	37,200
3	V-T Sole	450 kg	Rs 125/kg	56,250
4	Canvas/Foam	90 meter	Rs 60/met	5,400
5	Embroidery	1875 pairs	Rs 5/pair	9,375
6	Grindery item	1875 pair	Rs 5/pair	9,375
	<b>Total</b>			<b>1,30,000</b>

#### c) Utilites (PM)

SL.NO	Description	Amount(Rs)
1	Power	4,500
2	Water	500
	Total	5,000

#### d) Other Contingent Expenses (PM)

SL No	Description	Value (Rs)
1	Rent	5,000
2	Postage & Stationery	2,000
3	Transport Charges	2,000
4	Telephone	2,000
5	Repair & Maintenance	2,000
6	Advertisement & Publicity	4,000
7	Insurance	1,000
8	Taxes	1,000
9	Misc. Expenses	1,000
	<b>Total</b>	<b>20,000</b>

#### e) Total Recurring Expenditure (PM)

SL No	Description	Amount(Rs)
1	Personnel	70,200
2	Raw Materials	1,30,000
3	Utilities	5,000
4	Other Contingents Expenses	20,000
	<b>Working Capital Per Month</b>	<b>2,25,200</b>

**Total Working Capital for 3 months:** Rs 6,75,600

#### 5. TOTAL CAPITAL INVESTMENT

SI No	Description	Amount(Rs)
1	Fixed Capital	2,24,000
2	Working Capital for 3 months	6,75,600
	<b>Total</b>	<b>8,99,600</b>

#### 6. MACHINERY UTILISATION

As stitching process is a bottleneck in production, care should be taken

#### FINANCIAL ANALYSIS

##### 1) COST OF PRODUCTION

Sl.No	Description	Amount(Rs)
1	Total Recurring Expenditure per year	27,02,400
2	Depreciation of Machinery & Equipment @ 10%	14,000
3	Depreciation on PVC Last @ 20%	6,000
4	Interest on total Investment @ 18%	1,61,928
	<b>Total</b>	<b>28,84,328</b>

##### 2) TURN OVER (PER ANNUM)

SI No	Description	Qty Pcs	Rate @ Rs	Value (Rs)
1	Chappals	22,500 Pairs	Rs 143/pair	32,17,500

##### 3) NET PROFIT PER ANNUM

Annual Turnover – Cost of Production :  
Rs. 32,17,500- 28,84,328  
= Rs. 3,33,172

##### 4) NET PROFIT RATIO

Net Profit x 100/  
Turnover per Annum  
 $\frac{3,33,172 \times 100}{32,17,500} = 10.3\%$

##### 5) RATE OF RETURN

Net Profit per year x 100/  
Total Capital Investment  
Profit  
 $\frac{3,33,172 \times 100}{8,99,600} = 37\%$   
=Rs.1,51,258/-

#### BREAK EVEN ANALYSIS

(i) Fixed Cost (Per Annum)

SI No	Description	Amount(Rs)
1	Depreciation on machinery and equipment	14,000
2	Rent for one year	60,000

3	Depreciation on Office Equipment	4,000
4	Depreciation on PVC Last	6,000
5	Interest on Capital Investment	1,61,928
6	40% Salary	3,36,960
7	40% of other Contingent Expenses excluding Rent	72,000
	<b>Total</b>	<b>6,54,888</b>

**BREAK EVEN POINT**

$$B E P = \frac{FIXED COST \times 100}{FIXED COST + PROFIT}$$

$$= \frac{6,54,888 \times 100}{6,54,888 + 3,33,172}$$

$$= \frac{6,54,888 \times 100}{9,88,060}$$

$$= 66\%$$

**ADDRESSES OF MACHINERY & EQUIPMENT SUPPLIERS**

1. M/s. Leather & Packing Machinery Corporation,  
1/23B, Asaf Ali Road, New Delhi 110 02
2. M/s. Harman Sales Union,  
24, Kala Bhavan, Mathew Road, Mumbai 400 004
3. M/s. Srinivasan,  
No. 32, Bishop Garden, Chennai 600 028
4. M/s. NSIC Technical Services Centre,  
Sector B.24, Guindy Indl. Estate, Eakkatuthangal Post, Chennai 600 097
5. M/s. Solar,  
Atur House, Worli Nagar, Mumbai 400 018
6. M/s. Raj Machine Home,  
35/118-D, Lashkarpur, Near Kamla Nagar, Agra 282 005
7. M/s Twin Star Engineering,  
No.2, Thiruneer Malai Road, Pammal, Chennai – 600075
9. Apparel & Leather Technics Pvt Ltd,  
515, Avanashi Road, Tirpur – 641602

**ADDRESSES OF RAW MATERIAL SUPPLIERS:**

1. M/s. Valliappa Leather Corporation,  
3/5&6, Narayana Chetty Street, Periamet, Chennai 600 003
2. M/s. T. Abdul Wahid & Co., 26, Veppery High Road,  
Chennai 600 003
3. M/s. Synthokem Industries,  
5, Hindi Parachar Sabha Street, Chennai 600 017 Adhesive
4. M/s. Bharani Agencies,  
126, Thanmbuchetty Street, Chennai 600 001 Grinders
5. M/s. Sanghvi Shoe Accessories Pvt. Ltd.,  
3, Hari Kripa, 10th Road, Chembur, Mumbai 400 071 Shoe Last
6. M/s. Toscana (Shoe lasts) Limited.  
Flat No. 190, Block 48, LIC Colony,  
Anna Nagar West Extn., Chennai- 600101 Shoe Last