Carpentry and Blacksmithy are perhaps the oldest known occupation, besides agriculture and hunting, since the onset of civilized life on earth. Even today, carpentry & blacksmithy industry is considered as mother industry among all the industries under the purview of Khadi & VILLAGE INDUSTRIES Commission. The products of carpentry & blacksmithy industry can be broadly classified as:- (i) Household Furnitures & Fixtures; (ii) School & Office Furniture; (iii) Kitchenware items; (iv) Transport items; (v) Musical instruments; (vi) Toys, wood carving & decorative articals.

1. Name of the Product : Wooden Furniture

2. Project Cost :
   (a) Capital Expenditure
      Land : Own
      Building Shed 1500 sq.ft. : Rs. 300000.00
      Equipment : Rs. 200000.00
      (Circular saw, Surface grinder, Universal Wood working M/c, Drill etc.)
      Total Capital Expenditure : Rs. 500000.00
   (b) Working Capital : Rs. 740000.00
   TOTAL PROJECT COST : Rs. 1240000.00

3. Estimated Annual Production of Wooden Furniture : (Value in ‘000)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity</th>
<th>Rate</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Wooden Furniture</td>
<td>3703.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>3703.00</td>
</tr>
</tbody>
</table>

4. Raw Material : Rs. 2500000.00
5. Labels and Packing Material : Rs. 100000.00
6. Wages (Skilled & Unskilled) : Rs. 500000.00
7. **Salaries**: Rs. 200000.00
8. **Administrative Expenses**: Rs. 100000.00
9. **Overheads**: Rs. 200000.00
10. **Miscellaneous Expenses**: Rs. 25000.00
11. **Depreciation**: Rs. 95000.00
12. **Insurance**: Rs. 35000.00
13. **Interest (As per the PLR)**
   - (a) Capital Expenditure Loan: Rs. 65000.00
   - (b) Working Capital Loan: Rs. 98280.00
   - **Total Interest**: Rs. 163280.00
14. **Working Capital Requirement**
   - **Fixed Cost**: Rs. 395000.00
   - **Variable Cost**: Rs. 3308280.00
   - **Requirement of Working Capital per Cycle**: Rs. 740656.00
15. **Estimated Cost Analysis**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Capacity Utilization (Rs. in 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>1.</td>
<td><strong>Fixed Cost</strong></td>
<td>395.00</td>
</tr>
<tr>
<td>2.</td>
<td><strong>Variable Cost</strong></td>
<td>3308.00</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Cost of Production</strong></td>
<td>3703.00</td>
</tr>
<tr>
<td>4.</td>
<td><strong>Projected Sales</strong></td>
<td>4200.00</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Gross Surplus</strong></td>
<td>497.00</td>
</tr>
<tr>
<td>6.</td>
<td><strong>Expected Net Surplus</strong></td>
<td>462.00</td>
</tr>
</tbody>
</table>

**Note:**

1. All figures mentioned above are only indicative and may vary from place to place.
2. If the investment on Building is replaced by Rental Premises-
   - (a) Total Cost of Project will be reduced.
   - (b) Profitability will be increased.
   - (c) Interest on Capital Expenditure will be reduced.