

AGARBATTI STICKS

I. INTRODUCTION:

The burning of incense in religious and social functions have been practiced in India since early times. Dhup an aromatic powder or paste is burnt in Indian homes as a fragrant fumigant and is reputed to possess insecticides and antiseptic properties. Agarbathi also known as Udubathis similar to jars sticks are a development of Dhup. About 75% of agarbathis manufactured are of cheap quality containing only charcoal powder or low quality sandalwood powder with a mixture of 50% of wood gum powder. Cheap perfumes are used to give them a top note. In superior variety, essential oils, purified resins, natural fixative like Amber, musk and civet are used along with synthetic aromatics. Absolutes are used in the costlier types.

II. MARKET POTENTIAL

Agarbathies are used by all communities in India, Sri Lanka, Burma and by Indians residing abroad. As on today about 90 foreign countries are using our agarbathis. Agarbathies industry is one of the labour intensive cottage type of traditional industries in India Karnataka state leads in this industry. The main centres of manufacture are Mysore and Bangalore. As on today about 150 units exist in Andhra Pradesh. It is export-oriented unit also. In fact this is one of the items considered for boosting exports. Owing to the low level of technology involved in this industry, this can be taken to rural areas without much difficulty, thus implementing the rural industrialization policy of the government of India to a greater extent.

III. BASIS AND PRESUMPTIONS:

- a) The estimates are drawn for a production capacity generally considered techno-economically viable for model type of manufacturing activity.
- b) The information supplied is based on a standard type of manufacturing activity utilisation conventional technique of production at optimum levels of performance.
- c) The cost in respect of land and building, machinery and equipment, raw materials and selling prices of the finished products etc. are those generally obtaining at the time of the preparation of the project profiles and may vary depending upon various factors.

IV. IMPLEMENTATION SCHEDULE:

No specific time is required to set this unit. The unit can be set up within shortest time as basically it is a cottage industry.

V. TECHNICAL ASPECTS:1.Process of Manufacturing:

All the ingredients in powder form are mixed well in the proper proportion with water to semi-solid paste. This paste is applied to bamboo sticks and rolled on wooden planks with hands uniformly. The raw sticks are then dried and packed in suitable bundles. For manufacture of perfumed agarbathis the concentrated perfume is diluted first with white oil or di-ethylphthalate (generally 1:3) and raw agarbathis are dipped and packed immediately in butter paper bags or polypropylene bags and finally in printed cartons.

The composition for masala for this is as under:

White chips 40%
Gigatu 20%
Charcoal 20%

Aromatic chemical
Essential oil and other ingredients 20%

The composition can be modified according to the requirements.

2.Quality Specification

There is no ISI standard for manufacture of Agarbathi at present. However, they are manufactured as per customer's requirements.

3.Production Capacity per annum

Quantity: 960000 pkts
Value: Rs.2460000

4.Motive Power only for lighting

VI. TOTAL CAPITAL INVESTMENTS

S.No	Description	Value Rs.
1	Fixed Capital	12500
2	Working capital for 3 months	442395
	Total cost	454895

VII. MEANS OF FINANCE

- 1.Promoter's Contribution (5% of total cost) 22745
- 2.PMRY subsidy (15% of total cost or Rs.7500,whichever is less) 7500
- 3.Bank loan[total cost-(Promoter's Contribution+ PMRY subsidy) 424650

1. FIXED CAPITAL

- i)Land & Buildings: Rented premises of 100 sft. Rent of Rs.1000 pm
- ii) Machinery & Equipment

S.No	Description	Quantity	Value Rs.
1	Wooden plank for rolling sticks-2'x1'x1'	20 no.	2000
2	Weighing Balance-10 kg. Capacity	1 no.	500
3	Hand sieve –100 mesh	4 no.	500
4	Plastic tray 20 litre capacity	4 no.	500
5	Aluminum trays for dipping	10 no.	7500
6	Mugs, furniture and misc. equipment		1500
	Total		12500

2. WORKING CAPITAL

- i) Staff & Labour per month

S.No	Designation	No	@ Rs.	Value Rs.
1	Supervisor	1	1500	1500
2	Watchman	1	1000	1000
3	Semi-skilled worker	3	1000	3000
4	Fringe benefits			825
	Total			6325

ii) Raw Material (p.m.)

S.No	Description	Quantity	Value Rs.
1	White chips	660 kgs	6600
2	Gigatu	330 kgs	9900
3	Charcoal	330 kgs	1320
4	Bamboo sticks	330 kgs	4620
5	Aromatic chemicals, Essential oils & other ingredients	330 kgs	115500
	Total		137940

iii. Utilities per month

S.No.	Description	Value Rs.
1	Power	600
2	Water	400
	Total	1000

iv. Other expenses per month

S.No	Description	Value Rs.
1	Postage & stationery	200
2	Travelling & transport	1000
	Total	1200

v. Total working capital per month

S.No	Description	Value Rs.,
1	Rent	1000
2	Staff and labour	6325
3	Raw materials	137940
4	Utilities	1000
5	Other expenses.	1200
	Total	147465

IX COST OF PRODUCTION PER ANNUM

S.No	Description	Value Rs.
1	Total working capital	1769580
2	Depreciation	2500
3	Interest	68235
	Total	1840315

X TURNOVER PER YEAR

S.No	Item	Quantity	Rate Rs.	Value Rs.
1	Agarbatti packets	960000 pkts.	2.50	2400000
	Total			2400000

XI FIXED COST PER YEAR

S.No	Description	Value Rs.
1	Depreciation	2500
2	Interest	68235
3	Rent	12000
4	40% of salaries & wages	30360
5	40% of other expenses (utilities + OE)	10560
	Total	123655

XII. PROFIT ANALYSIS

Net Profit : sale-total cost=2400000-1840315=559685

% of Profit on Sale: Profit / Sale x100=559685/2400000]100=23.32%

% of Return on Investment: Profit / (Investment) x 100=123%

Break-Even Analysis : FC / (FC+Profit) x100=123655/123655+559685]100=18.10

XIII RAW MATERIAL SUPPLIERS

1.1.1.6 1. HRA Industries,21-3-869, Mahboob Chowk, clock tower, near

1.1.1.7 Charminar,Hyderabad-500002.

2. Star Educational supply co. 4-1-939, Tilak Road, Abids, Hyderabad-1

3. Metro Agarbatti, Purani Haveli, Hyderabad