

Industrial Hand Gloves

PRODUCT CODE	: 292007000
QUALITY AND STANDARDS	: The following Indian Standard specifications are available to guide the manufacturer of industrial hand gloves and to maintain quality control. Leather gauntlets for workers IS 2573:1963. Leather gauntlets for workers in iron and steel industry IS 2574:1963 Leather Mittens for workers in iron and steel industry. IS 3575:1963 The split chrome leather used must have been processed properly to give the required pliability and stitch tear strength for assuming quality of gloves produced. The thread used for stitching must also conform to the prescribed standard.
PRODUCTION CAPACITY	: Qty. : 75,000 pairs (per annum) Value : Rs. 15,75,000
MONTH AND YEAR OF PREPARATION	: March, 2003
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INTRODUCTION

Industrial hand gloves serve as an item of protective apparel for workers in factories. Hand gloves are of various types and sizes. Fast moving sizes are 14", 16", 18" etc. The materials that go in the production of hand gloves vary from cotton fabrics and asbestos to variety of leathers. Leather, however, since supreme in the production of industrial hand gloves. Amongst leather chrome tanned split leather is predominantly in use possibly because of its cheap price and peculiar qualities needed for hand gloves as compared

to other kind of leather. Chrome tanned split leather imparts special qualities to withstand roughness of the handling material and gives enough flexibility and softness for the hand to move in the gloves easily and swiftly while working in the workshop. Such industrial gloves are widely used in industry, Railway and Defence. Due to rapid industrialization and expansion of railway the use of industrial hand gloves is expected to grow considerably.

MARKET POTENTIAL

Looking to the internal and external demand it appears that we are not in a

position to cope with the demand and as such there is a good scope for starting new units for manufacture of industrial hand gloves. Fortunately the raw material is available in the country especially split leather due to increase in production of finished leather based on hides.

BASIS AND PRESUMPTIONS

1. The production is based on a single shift basis of 8 hours per day and 25 working days in a month.
2. Time period for achieving full capacity utilisation is 3 years.
3. Labour will be engaged on monthly basis keeping in view the present rate prevailing in the market.
4. Rate of interest for fixed and working capital @ 15% per annum.
5. Margin Money, 25%
6. Land and Building, rented. Built-up area, 100 Sq. meters.

IMPLEMENTATION SCHEDULE

It will take one year to complete all the formalities before starting the commercial production.

TECHNICAL ASPECTS

Process of Manufacture

The leather is checked for uniform thickness, holes and flying cuts, if any. It is then marked with the pattern and then cut with the help of scissors or clicking knife into different components. After stitching all the components suitably, the gloves are turned inside out. The gloves are then ready for packing and despatch.

Production Capacity

- (a) Industrial hand : 75,000 pairs
gloves (per annum)
- (b) Value : Rs. 15,75,000

Pollution Control

This industry does not create any kind of pollution and as such there is no need to take any preventive measures for pollution control.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

Covered area (100 Sq. meters)-rented
@ Rs. 3,000 per month Rs. 3,000

(ii) Machinery and Equipments

Sl. No.	Description	Imp./ Ind.	Qty.	Rate (Rs.)	Value (Rs.)
1.	Flat bed single needle industrial sewing machine power operated 1/2 HP motor	Ind.	5	7,000	35,000
2.	Cylinder bed single needle industrial sewing machine power operated 1/2 HP motor	"	2	10,000	20,000
3.	Cost of tools and fixtures				5,000
4.	Cost of office furniture and workshop furniture				25,000
5.	Electrification and Installation of machinery @ 10%				5,500
				Total	90,500
	(iii) Pre-operative Expenses				Nil
	Total Fixed Capital (ii+iii)				90,500

B. Working Capital (per month)

(i) Staff and Labour (per month)

Sl. No.	Designation	No.	Salary (Rs.)	Total (Rs.)
1.	Production Manager	1	3,500	3,500
2.	Accountant	1	2,500	2,500
3.	Salesman	1	2,000	2,000
4.	Clickers	2	2,000	4,000
5.	Stitchers	7	2,000	14,000
6.	Unskilled Workers	4	1,500	6,000
7.	Sweeper/Watchman	1	1,500	1,500
	Total			33,500
	<i>Add perquisites @ 15% on Salary</i>			<i>5,025</i>
	Total			38,525
	Say			38,500

(ii) Raw Materials Including Packing Requirements (per month)

Sl. No.	Description	Qty.	Rate @ (Rs.)	Value (Rs.)
1.	Chrome tanned Split leather (3.5 Pairs per kg.)	1786 Kg.	35/Kg.	62,510
2.	Thread	6250 pairs	0.50	3,125
3.	Cartons for packing (Carton pack for 100 pairs)	63 Nos.	30	1,890
	Total			67,525

(iii) Utilities (per month)

S. No.	Description	Amount (Rs.)
1.	Power	1,200
2.	Water	300
	Total	1,500

(iv) Other Contingent Expenses (per month)

Sl. No.	Description	Amount (Rs.)
1.	Rent	3,000
2.	Postage and Stationery	500
3.	Consumable Stores	300
4.	Repair and Maintenance	500

Sl. No.	Description	Amount (Rs.)
5.	Transportation charges	300
6.	Telephone	500
7.	Advertisement and Publicity	500
8.	Insurance	300
9.	Miscellaneous Expenses	500
	Total	6,400

(v) Total Working Capital (per month)

Sl. No.	Description	Amount (Rs.)
1.	Raw Materials	67,525
2.	Staff and Labour	38,500
3.	Utilities	1,500
4.	Other Contingent expenses	6,400
	Total	1,13,925

(vi) Working Capital for 3 months

Working Capital (for 3 months)	3,41,775
1,13,925 x 3	
Say	3,41,800

C. Total Capital Investment

Sl. No.	Description	Amount (Rs.)
1.	Fixed Capital	90,500
2.	Working capital for 3 months	3,41,800
	Total	4,32,300

FINANCIAL ANALYSIS

(1) Cost of Production (per year)

Sl. No.	Description	Amount (Rs.)
i)	Total recurring cost	13,67,200
ii)	Depreciation on machinery @ 10%	5,500
iii)	Depreciation on tools @ 25%	1,250
iv)	Depreciation on furniture @20%	5,000
v)	Interest on Total Capital Investment @ 15%	64,845
	Total	14,43,795
	Say	14,43,800

(2) Turnover (per year)

Sl. Items No.	Qty.	Rate (Rs.)	Value (Rs.)
1. Industrial hand gloves	75,000 pairs	21 per pair	15,75,000
	Total		15,75,000

(3) Net Profit (before taxation) (per year)

Turnover	15,75,000
Cost of Production (-)	14,43,800
Total	1,31,200

(4) Net Profit Ratio

$$= \frac{\text{Net Profit per year} \times 100}{\text{Turnover per Year}}$$

$$= \frac{1,31,200 \times 100}{15,75,000}$$

$$= 8.3\%$$

(5) Rate of Return on Total Investment

$$= \frac{\text{Net Profit per year} \times 100}{\text{Total Investment}}$$

$$= \frac{1,31,200 \times 100}{4,32,300}$$

$$= 30.3\%$$

(6) Break-even Point

Fixed Cost

Sl. Description No.	Amount (Rs.)
a) Rent for one year	36,000
b) Total depreciation	11,750
c) Interest on Total investment	64,845
d) 40% of Salary and Wages	1,84,800
e) 40% of utilities and other Contingent expenses	23,520
Total	4,40,710
Say	4,40,700

B.E.P.

$$= \frac{\text{Fixed cost} \times 100}{\text{Fixed cost} + \text{Net Profit}}$$

$$= \frac{4,40,700 \times 100}{4,40,700 + 1,31,200}$$

$$= 77\%$$

Addresses of Machinery and Equipment Suppliers

1. M/s. Singer Sewing Machine Co. Nehru Bazar, Jaipur.
2. M/s. Industrial Sewing Machine Co. (P) Ltd., Kakad Chambers, 5th Floor, Dr. Annie Besant Road, Mumbai-18.
3. M/s. Peelu Sales Corporation, Meera Hussani Chouraha, Hing Ki Mandi, Agra (U.P.)

Raw Material Suppliers

1. M/s. Tata Export Tannery Division, Agra Mumbai Road, Dewas (M.P.)
2. M/s. Tannery and Footwear Corporation of India, Civil Line, Kanpur (U.P.)
3. M/s. Gordon Woodroffee Leather Mfg. Co. Ltd. Pallavram, Chennai-43
4. M/s. Usha Leather Industries Dharavi, Mumbai-17