

**National Institute of Micro, Small and Medium Enterprises (ni-msme)  
[an Organisation of Ministry of MSME, Govt. of India]**

**Yousufguda, HYDERABAD – 500 045**

**Project Report on Readymade Garments**

The readymade garment industry is considered an off-shoot of India's Textile industry which dates back to the middle of 19<sup>th</sup> century. The textile industry is the maximum revenue gathering industry in the country. The industry can be divided into two segments, the natural fibre segment and the man made synthetic fibre segment. The industry even after the introduction of power – driven machines or mechanical process of button holding, stitching or embroidery, continued to remain labour intensive and cheap labour is our forte.

The overall demand of clothing has gone up in the state because of increasing degree of industrialisation, effecting clothing habits. The increasing level of communication leading to increased travel and tourism has in turn created the demand for both seasonal and occasional clothing.

**LOCATION.**

The unit here mentioned will set up in a rented building. Location plays a major role in overall output of the unit .

There will not be any problems if the required power and communication facilities are available . Then with out any doubt one can easily say that the land selected is very suitable these type of units.

**PROMOTER.**

Name :  
Address :  
Qualification :  
Experience :

**LAND & BUILDING.**

The unit will be set up in a rented building. It is made available on rented basis and the rent per month is Rs. 2000. We have already considered the suitability of the location. The power, Communication facility etc are available. Hence with out doubt one can say that the site selected is very suitable for these types of units.

Courtesy : 

### **PLANT & MACHINERY.**

The plant & machinery are enlisted in the economics of the project. They include sewing machines, embroidery machines, furniture, cutting table etc. The cost of the same will be Rs. 1,25,000.00. The selected machinery can be made available from authorized suppliers of these items.

### **RAW MATERIALS.**

The raw materials needed include fabrics of different kinds and other sewing materials. They are easily available and care will be taken on the quality of the same.

### **STAFF & LABOUR.**

The unit will be operated in one shift. The staff and labors needed for the unit will be selected from locally. The details of staff & labors are enlisted in the economics of the project.

### **OTHER EXPENSES.**

The probable other experiences are considered in the economics of the project. They include rent, electricity charges, transportation, communication, travelling, maintenance, postage & stationery etc.

### **POWER**

The total connected load required for running the unit is estimated as 2 H.P. only- single phase.

### **MANUFACTURING PROCESS.**

The clothing are taken and cut to required design. Then they are stitched together to form the product. The necessary buttons, zips, hooks etc are fixed and it is then taken to ironing and ready for sale. The embroidery works are carried out if necessary.

### **MARKETING.**

The marketing of any product is the decision making factor of the existence of the unit and on considering that the promoter has taken all the possible ways for marketing such as direct sales and personal contacts etc. In fact the promoter had made a wide network of marketing for the last one year and is capable for the forthcoming years also. The marketing area is concentrated in retail shops of small towns and there are a number of dealers through which the product can be sold. Most care will be taken in the change of fashion and trends as they are much affected in the field of ready-made garments.

### **MODE OF FINANCE**

The promoter expects financial assistance from leading nationalized branch. This unit will be financed under ESS scheme and eligible for 40% subsidy of total fixed investment .



Courtesy :

## ASSUMPTION

It is assumed that there will not be any major increase in the rate of raw material and any major changes in prices will be compensated with corresponding change in product.

## CONCLUSION

On revealing the various aspects of the project and studying the financial & technical features of the scheme it can easily be noted that the above project will be a great success. The economics of the project is detailed as follows.

## FINANCIAL ASPECTS

### 1 FIXED CAPITAL

#### 1.1 Land and Building

Rented at rate of Rs. 2000 per month.

#### 1.2 Machinery and Equipments

Sl. No.	Description	Qty.	Rate (Rs.)	Value (Rs.)
1	Stiching machine	6	8000	48000
2	Motor for Stiching machine	6	3000	18000
3	Overlock Machine	1	20000	20000
4	Scissors	5	500	2500

**Sub total : 88500**

#### 1.3 Office Furniture items

Sl. No.	Description	Qty.	Rate (Rs.)	Value (Rs.)
1	Working table	1	16000	16000
2	Cutting table	1	12000	12000
3	Fibre stool	8	500	4000
4	Steel almirah	1	4500	4500
5	Steel Rack	2	4500	9000
6	Iron box	1	2500	2500

**Sub total : 48000**

- **Working capital**

### 2.1 Staff and Labour (per month)

Sl no	Description	No	Salary (Rs.)	Total (Rs.)
1	Manager cum designer	1	6000	6000
2	Cutting master	2	5000	5000
3	Skilled workers	6	4000	24000

**Grand total : 35000**

### 2.2 Raw Materials (per month)

Sl no	Description	Qty	Rate (Rs.)	Total (Rs.)
1	Clothes for Churidars	2400 mtr	60	144000
2	Clothes for Nighty	1800 mtr	45	81000
3	Other items like laze, buttons, threads		5000	5000
4	Packing materials	1800 pieces	5	9000

**Grand total : 239000**

### 2.3 Utilities and Other Contingent Expenses (per month)

Sl No.	Description	Amount Rs.
1	Power	300
2	Water	50

3	Stationary	100
4	Repair and maintenance	1000
5	Transportation	2500
6	Telephone	250
7	Miscellaneous	1000

**Grand total : 5200**

**Total Working Capital : 279200**

**TOTAL CAPITAL INVESTMENTS**

Land	Rented
Building	Rented
Plant & Machinery	136500
Working Capital	279200

Grand total : **415700****SOURCE OF FINANCE**

Promoters Contribution	<b>83140</b>
Term loan for machinery	<b>109200</b>
Working Capital Loan	<b>223360</b>

Grand total : **415700****5 Financial Analysis****5.1 Cost of Production (per year)**

Sl no	Description	Amount Rs
1	Total recurring cost	279200
2	Depreciation on machinery @10%	8850
3	Depreciation on furniture @20%	9600
4	Interest on Term Loan @14%	15288
5	Interest on Working Capital Loan @14%	31270

Grand total : **344208****5.2 Turnover (per year)**

Sl no	Items	Qty	Rates	Total Rs
1	Churidar	800	600	480000
2	Nighty	800	200	160000

Grand total : **640000****5.3 Net Profit (per year)**

Turnover	640000
Cost of production(-)	344208

- Net Profit Ratio**

Courtesy :  **मुद्रा**

(Net profit per year/Turnover per year)x100 = **46.2175 %**

**7 Break even point**

Sl no	Description	Amount Rs
1	Rent for one year	24000
2	Total depreciation	18450
3	40% salary and wages	168000
4	40% of utilities and other contingent expenses	24960

**Grand total : 235410**

- $(235410 \times 100) / (235410 + 295792)$
- $23541000 / 531202$
- **44.316%**

The Project is Economically viable and Technically feasible. The project is submitted for approval.