

## PROJECT PROFILE ON COTTON GINNING UNIT

### 1. INTRODUCTION

A Cotton Gin (short for *cotton engine*) is a machine that quickly and easily separates the cotton fibers from the seedpods and the sometimes, sticky seeds, a job previously done by hand. These seeds either used again to grow more cotton or, if badly damaged, are disposed of for use in cattle feed production.

The cotton ginning sector primarily developed during the 1980s and is one of the most important sectors of the economy. This is a base industry of cotton processing.

### 2. MARKET DEMAND

Ginned cotton is the basic need of spinning mill and other units require raw cotton like quilt & other product manufacturers. Demand of the service is very huge because cotton can not be use without ginning and hand process is very time and labour consuming. Thus the demand of the service is very huge in cotton growing areas.

Demand for ginned cotton is significantly affected by its quality, which depends on the characteristics of the raw material.

### PRODUCTION TARGETS

Basis of estimation:      300 Working Days in a Year  
                                       Single Shift basis  
                                       8 hours per shift

	<b>Ginned Cotton</b>
Quantity (Kg)	75000
Value (Rs)	3000000

### 3. MANUFACTURING PROCESS

The steps followed in the manufacturing process are given below:

- ❖ Collection of raw cotton.
- ❖ Ginning with the help of carding machine.
- ❖ Bell Making & Packaging

### 4. QUALITY CONTROL STANDARDS

Quality of the product must be as per customers demand and according to Beauru of Indian standards. Product contain no or minimum quantities of seed in it.

### 5. LAND & BUILDING

1.	Covered area	Sq. Ft.	500
2.	Uncovered area	Sq. Ft.	42500
3.	Total area	Sq. Ft.	43000
4.	Whether constructed or Rented		Rented
5.	If constructed, constructed value	Rs	N.A.
6.	If Rented, Rental value (per month)	Rs	5000

### 6. MACHINERY AND EQUIPMENT

S.N	Description	Qty.	Value (Rs.)
1.	(Cotton Ginning) Heavy Dutty Carding Machine	1	125000
2.	10 HP motor with starter and other accessories	1	
3.	Stands for carding machine	1	
4.	Weighing Balance	1	
5.	Hand Press for Cotton Bell Making	1	
6.	Hand Tools	1	
7.	Furniture	1	

8.	Sales Tax, Freight & Insurance etc.		12500
	Total		137500

### 7. RAW MATERIAL (PER MONTH)

S.N	Particulars	Quantity (Kg)	Value (Rs)
1.	Raw Cotton	6250	156250
2.	Packaging Material		750
		Total	157000

### 8. STAFF & LABOUR (PER MONTH)

S.N	Particulars	Qty	Rate	Value (Rs)
A	Administrative and Supervisory			
(i)	Manager	1	3000	3000
(ii)	Peon/ Chowkidar	2	2000	4000
B	Technical (Skilled-Unskilled)			
(i)	Skilled Worker	1	3000	3000
(ii)	Unskilled Worker	4	2000	8000
	Sub-Total			18000
			Plus perquisites @ 30% of salaries	5400
	TOTAL			23400

### 9. OTHER EXPENSES (PER MONTH)

1.	Rent of Land & Building	5000
2.	Electricity Charges	8000
3.	Fuel Exp.	0
4.	Advertisement & Travelling	2000
5.	Transport	5000
6.	Consumable & stores etc.	1000
7.	Potage expenses/ telephones	1000
8.	Stationery	1000
9.	Repairs & Maintenance's	2000
	Total	25000

**10. WORKING CAPITAL (FOR ONE MONTH)**

SL.NO.	DESCRIPTION	AMOUNT(RS)
1	Raw material	157000
2	Salaries & Wages	23400
3	Other Expenses	25000
	Total	205400

**11. TOTAL CAPITAL INVESTMENT**

Building & Other Civil Works	-
Machinery & Equipment	137500
Working capital for one month	205400
Total	342900

**12. COST OF PRODUCTION (PER ANNUM)**

Total recurring cost per year	2664800
Depreciation on machinery & equipment	14000
Interest on total investment @ 10%	35000
Total	2713800

**13. SALES PROCEEDS (PER ANNUM)**

S.N.	Item	Qty (Kg)	Value (Rs.)
1.	Ginned Cotton	75000	3000000
	Total		3000000

**14. PROFITABILITY (BEFORE INCOME TAX)**

1.	Annual Gross Profit	286200
2.	% of Profit on Sales	9.54%
3.	Break Even Analysis	
3.1	Annual Fixed Cost	580800
3.2	Annual Sales	3000000
3.3	Annual Variable Cost	1884000
3.4	Break Even Point	52.04%

## Break-Even Analysis

(% of Total Production envisaged)

$$\frac{\text{Annual fixed cost} \times 100}{\text{Annual sales} - \text{Annual variable costs}} = \%$$

### 15. Manufactures/ Suppliers of Machinery

1	Arora Industries, Gujrat Jinning Mill Compound, Ahemdabad.
2	Demand Engineering Works Near Odiyan Talkies, New Delhi.
3.	Dariyali Engineering Works 27, DLF Industrial Area, Najafgarh, New Delhi
4.	Huma Traders Near Shajanabad Thana, Bhopal

### 16. Suppliers of Raw Materials

From Local cotton mandi or growers of the area.

### 17. IMPLEMENTATION PERIOD

Proposed Project can commence production with in 6-8 weeks after sanction and first disbursement of term loan.

### 18. ASSUMPTION FOR GENERATING PROJECT PROFITABILITY

1	Number of Working Days in a year	300 Days
2	Number of Shifts in a day	1 One
3	Hours in a Shift	8 hours
4	Plant Capacity	Consider on Average production capacities of plant.
5	Raw material Estimates	Based upon product Mix

6	Raw Material Availability	Dhar , Barwani, Chhindwara and Seoni districts of MP
7	Depreciation	Straight Line Method
8	Manpower	According to project Requirement
9	Rent estimate	On the basis of current market prize of the area.
10	Potential Area of Marketing the products	Spinning Mills situated in and around the district / state.
11	If project is funded, term loan would be	60-80% of Total investment
12	Moratorium Period	6- 12 months
13	Repayment Period	5-7 years
14	Project may be established under	PMEGP (GOI) / Tribal Self Employment Scheme (NSTFDC) or Rani Durgawati Scheme of MP