

GENERAL ENGINEERING WORKSHOP

1. INTRODUCTION

The project is for manufacture of simple engineering spares and for undertaking job work on lathe for turning and welding requirements.

2. MARKET

The market for general engineering workshop has got wide scope due to fast growth of industrialisation, especially in the service sector. Spares for automobile parts, machine parts, etc can be manufactured. In tribal areas non-availability of spare parts is also creating problems. There is market especially in important centres.

3. MANUFACTURING PROCESS

The manufacturing process depends upon the type of job. Generally, the job includes raw material, cutting, drilling, turning & facing, milling & parting off, inspection and despatch. Diploma in Mechanical Engineering (DME) and ITI (Turner Trade) trained persons can establish these kind of units for self-employment.

4. PRODUCTION CAPACITY PER ANNUM

Undertaking job works like turning, welding, sheet metal fabrication, etc

Rs. **300000**

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Fixed Capital	102800
2	Working Capital for 2 month(s)	32600
3	Preliminary & Preoperative Expns	10000
	Total Project Cost	145400

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	21810
2	Subsidy/Soft Loan	20%	29080
3	Term Loan	65%	94510
	Total		145400

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented Rs. 2000 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Centre lathe 6 ft bend with 2 HP motor	1	35000	35000
2	Welding transformers 150-250 amps	1	9000	9000
	Cap. Oil cooled 220/40V			
3	Gas welding set with accessories	1	2500	2500
4	1/2" Drilling machine with motor	1	4200	4200
5	DE Bench grinder - 8" cap.	1	4000	4000
6	Power hacksaw with 2 HP motor to cut 8"	1	10800	10800
	with coolant pump			
7	air compressor with spray painting equip.	1	6800	6800
8	Testing equipment	LS		12000
9	Electrification and installation			6500
10	Office furniture, working tables, etc			7000
11	Miscellaneous expenditure			5000
	Total			102800

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Skilled worker/Entrepreneur	1	3000	3000
2	Skilled workers	2	2500	5000
3	Unskilled workers	2	1500	3000
	Total			11000

ii. Raw Material (per month)

Labour oriented job work shop. Party will supply the required raw material.

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	1000
2	Water	LS	200
	Total		1200

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage, Telephones & Stationery Expenses	300
2	Transportation & Conveyance Expenses	500
3	Consumable Stores	300
4	Reparis and Maintenance Expenses	500
5	Miscellaneous Expenses	500
	Total	2100

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	2000
2	Salaries and Wages	11000
4	Utilities	1200
5	Other Expenses	2100
	Total	16300

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	195600
2	Depreciation @ 15%	15420
3	Interest on term loan @ 12%	11341
	Total	222361

9. TURNOVER (PER YEAR)

S.No	Description	Amount Rs.
1	Undertaking job works like turning, welding, sheet metal fabrication, etc	300000
	Total	300000

10 FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	15420
2	Interest	11341
3	Rent	24000
4	Salaries & Wages @ 40%	52800
5	Other Expenses incl. Utilities @ 40%	15840
	Total	119401

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	77639
2	Percentage of Profit on Sales		26%
3	Percentage of Return on Investment		53%
4	Break Even Point		61%