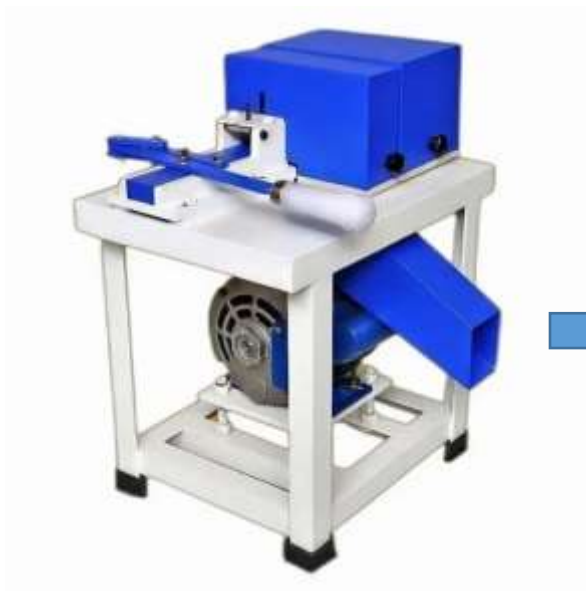




DETAILED PROJECT REPORT

ARECA NUT POWDER MAKING UNIT



By



2023



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1. OVERVIEW OF THE JLG MEMBERS

Name of the JLG:

Number of the members.

Name of Gram Panchayat/Taluk:

Name of the District:

Account details of JLG:

Details of JLG members with Hierarchy;

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

KYC:

Aadhar/PAN/Photo:



lakh youth are being trained by the NLRM department every year. Therefore 65 lakh untrained rural youth need skill training. To achieve this every school needs to provide vocational education from class 6 onwards.

- v. Internship:** According to the 6th Economic Census, there are a total of 28.80 lakh enterprises in the state, out of which 78,022 enterprises employ more than 8 people. About 30 lakh youths can be trained in skills by undertaking the internship program for a period of three months in local industries related to agriculture and agri-based/MSME/self-employment/service sector.
- vi. Migration Control:** Rural people have migrated from various districts to urban areas for job opportunities, of which 40 lakh (20 percent) youth are in Bangalore city. Therefore, there is a need to provide more employment opportunities at the village level.
- vii. Consolidation of programs for rural employment:** In total there are 27,395 revenue villages in the state and it is proposed to form Swami Vivekananda Self Help Groups, one in each village, on the model of Women's Self-Help Groups to provide self-employment to the unorganized workers in these. There are about 15 to 20 youth in each group, and 5.50 lakh youth in 27,395 self-help groups have received Rs. 1.5 lakh to provide margin money estimated at Rs. 410 crores will be required.
- viii. Bank Linked Schemes:** Coordination and inclusion of Yuva Shakti schemes with schemes linked to 25 banks. There are 35000 shelves of projects under the Mudra loan scheme, and steps will be taken to select the financial activities of the self-help societies based on these models.



- ix. Training:** Skill development training will be imparted to the youth under the National Entrepreneurship Mission under the 18 programs being implemented by various departments under this scheme. Training for agriculture and other activities will be provided through the Rural Development Self Employment Training Institute (RUDSETI).
- x. Formation of State Level Committee:** It is proposed to constitute a committee under the chairmanship of the Minister of Youth Empowerment and Sports at the State level for implementation and monitoring of the programme. RDPR, Commerce and Industry, Labour, Skill Development and Bank representatives will be members of this committee.
- xi. District Level Committee:** It is proposed to constitute a District Level Committee under the Chairmanship of the Chief Executive Officer of the Zilla Panchayat for the implementation and supervision of the program at the district level. The members of this committee are the officers of Rural Development and Panchayat Raj, Commerce and Industry, Labour, Skill Development Departments and District Lead Bank Managers.
- xii. Village level stewardship:** The village level stewardship of this program will be handled by Rural Development and Panchayat Raj Departments and Youth Empowerment and Sports Departments.

3. ABOUT VKF

VKF is a Think Tank of Community Change Champions who are from various walks of Social Spaces with diverse backgrounds and specialists from their domains.



VKF is a platform that enables as a think tank to evolve an aggregation of the social impact service providers and entrepreneurs for bringing about a transformational movement of social Change that is measurable on the lines of the Strategic Sustainable Development Goals (SSDG) of United Nation (UN).

VKF's strong focus is on enhancing the rural mass entrepreneurship development clubbed with rural livelihood options. In this direction, VKF team is working with the rural livelihood SHGs members and handholding them to elevate themselves to newer socio-economic status and uplifting the whole geography of the cluster by setting up of Common Facility Centres.

VKF's experience spans across conceptualizing cluster mapping, conducting baseline surveys, awareness creation, trust building activities, capacity building, design thinking activities etc., to enhance capabilities of the artisans and livelihood SHGs in the clusters.

VKF also indulges in working with MSME, ESTC, IDEMI, Tribes India, NRLM and WCD to support rural masses in terms upgrading their livelihood opportunities. It also facilitates in preparation of DPR, Govt. liaising, market linkage activities, brand awareness, branding initiatives, value addition of the products produced by clusters etc.

4. NAME OF PRODUCT AND TECHNOLOGY

Areca Nuts and Cutting machine:

Areca nuts, also known as betel nuts, are the fruit of the areca palm tree, which is native to tropical regions of Asia and the Pacific Islands. Areca nuts are commonly used as a mild stimulant and as a traditional remedy for various ailments.



In many cultures, areca nuts are chewed with a mixture of other ingredients, such as slaked lime, tobacco, and spices, to create a stimulating and often euphoric effect. The mixture is typically wrapped in a betel leaf and consumed.

It is very hard to cut areca nuts manually. Hence, people opt for new technology cutting machines which are easy handling of cutting areca nuts with it.

5. DELIVERABLES AND MARKET OF THE PRODUCT

- **Betel quids:** Betel quids are the most common form of areca nut delivery. Betel quids are prepared by wrapping a small pieces of areca nut in a betel leaf with slaked lime and sometimes other ingredients, such as tobacco or spices. Betel quids are chewed for their mild stimulant effect and are a traditional cultural practice in many parts of Asia.
- **Areca nut extract:** Areca nut extract while boiling is used in some traditional medicine practices as a remedy for various ailments, such as indigestion, constipation, and toothaches. Areca nut extract is also used in some cosmetic products for its astringent properties.
- **Areca nut powder sachets:** Areca nut coarse powder sachets is having very much demand in traditional weddings of India where they use for pooja, tambula, and other purpose.
- **Food flavoring:** Areca nut extract is sometimes used as a flavoring in food products, such as sweets, candies, and snacks. In some countries, areca nuts are also used as an ingredient in traditional dishes and drinks.



Project Assumptions:

This model DPR for Areca nuts cutting machine is basically on certain assumptions that may vary with capacity, location, raw materials availability etc. An entrepreneur can use this model DPR format and modify as per requirement and suitability. The assumptions made in preparation of this particular DPR are given in Table below. Therefore, land and civil infrastructures are assumed as already available with the entrepreneur.

Table: Detailed Project Assumptions		
Parameter	Value	
Assumed Capacity of the Areca nuts cutting machine	50 kgs/day	
Utilization of capacity:	Year 1	70%
	Year 2	75%
	Year 3	80%
	Year 4	85%
	Year 5	90%
Working days per year:	150 days	
Working hours per day:	8-10 hours	
Average price of raw material (areca nuts)	Rs. 75/kg	
Average sale price of Finished product	Rs. 400/ kg	



Details of Machinery



Mild Steel Automatic Supari Cutting Machine
Capacity: 25 to 45 kg/h
Material: MS
Supplier: Mukund Engineers
Location: Maharashtra



Powder pouch packing Machine
Capacity: 12-20 packets/min
Material: SS
Supplier: Intero Pactec India Pvt Ltd
Location: Coimbatore, Tamil Nadu

Market Linkage:

<u>Market Linkage</u> <ul style="list-style-type: none"> ❖ <u>Grocery Stores</u> ❖ <u>Speciality Food Stores</u> ❖ <u>Food Processing Unit</u> ❖ <u>Cosmetics Manufacturer</u> 	<ul style="list-style-type: none"> ❖ <u>Supermarkets and Departmental Stores</u> ❖ <u>E-commerce</u> ❖ <u>Quick Commerce</u>
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6. ROLE OF EACH OF THE JLG MEMBERS

How JLG will participate:

- 2 persons will be used to procurement
- 2 persons for production
- 3 persons for the logistics & sales

7. SOFT INTERVENTION

The following are the soft interventions to be arranged:

- Awareness on financial inclusion will help in getting the assistance from Government and other sources.
- Export promotional orientation for the JLG members.
- Awareness/ training programme on product quality, handling practices.
- Capacity Building activity
- Trust Building activities
- Programmes on technical skill enhancement to unit owners.
- Programmes on Business and entrepreneurship skill enhancement to unit owners
- Mass entrepreneurship development program in the JLG eco system.

8. BREAK UP COST AND MARGIN OF THE PROJECT AND THE IMPLEMENTATION SCHEDULE

The proposed cost of the project is as follows:



Sl. No.	Details	Cost in Rs.	Percentage
1.	Bank Loan	2,25,000	90%
2.	JLG contribution	25,000	10%
3.	Total	2,50,000	100%

Sl. No.	Details	Cost in Rs
1.	Machine cost	1,70,000
2.	Furniture	20,000
.	Working capital (Shed deposit, electric connection deposit, Miscellaneous and preoperative expenses)	60,000
	Total	2,50,000

The proposed project implementation schedule is as follows:

Sl. No.	Project Component	Schedule
1	Shed for the project on rental basis	Identified
2	Electricity and Water facility Installation	Present
3	Arrival of Machinery	Within 1 months of Order
4	Erection of Machinery	Within 5 days of arrival
5	Commissioning	Within 2-4 days of erection
6	Commercial Usage	Within 2 months from approval



9. LAND/SHED STATUS:

The JLG has already identified the shed required for the project within the project area.

10. SWOT ANALYSIS OF THE PROJECT

I. Strength

- Growing awareness among entrepreneurs about the need for modernization, managerial and technical skill.
- Higher export potential.
- Areca nuts are a valuable cash crop, providing income to farmers in many parts of Asia.
- The traditional use of Areca nuts in betel quids and other products has deep cultural significance in many regions.
- Areca nuts have a variety of potential uses in different industries, including medicine, cosmetics, and food.
- The cluster members are having good coordination among themselves and are serious about resolving cluster problems.

II. Weakness

- Quality control issues, as some manufacturers may use low-quality ingredients, which can lead to a decrease in the quality of the final product.
- The use of Areca nuts and betel quids is associated with significant health risks, including oral cancer, addiction, and cardiovascular disease.



- Changes in lifestyle and cultural practices are reducing demand for Areca nuts in some regions.

III. Opportunities

- Increasing demand for natural and organic products may create new markets for Areca nut extract and other products.
- Research into the health effects of Areca nuts could lead to new uses and potential health benefits.
- Sustainable production methods and certification programs could improve the image of Areca nuts and increase their value in global markets.

IV. Threats

- Due to poor market access the profitability of the JLG members may fall bit low level. This may discourage initially to JLG members.
- Main attributed to less profitability to this industry is due to lower price at the beginning and JLG members need to work hard.
- Increased regulation of Areca nuts and betel quids in some countries may reduce demand and limit market opportunities.
- Concerns about the health risks of Areca nuts could lead to reduced consumption and negative perceptions of the product.



11. YOUTH EMPOWERMENT IMPACT OF THE PROJECT ON ECOSYSTEM

We have surplus youths in the state, graduate, undergraduate etc. supporting them to create self-employment will motivate to become entrepreneurs, they will live independent life.

Entrepreneurship will greatly impact the lifestyle of the youths, if businesses work along with their involvement of all the members towards creating awareness and promoting positive impacts on others.

12. THE END PRODUCTS PRODUCED



Fig: Areca nuts pieces and powder



13. FINANCIALS

CASH FLOW STATEMENT

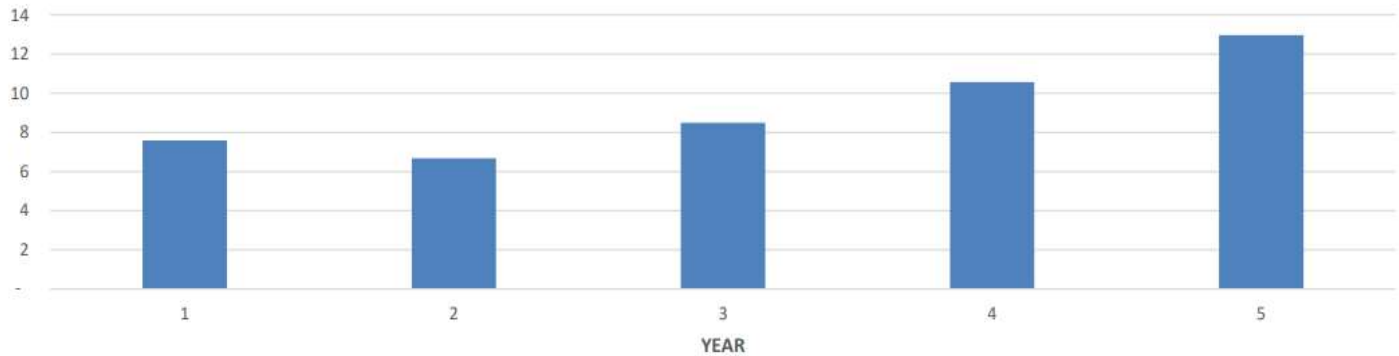
Particulars	Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE FROM SALE OF ARECANUT CUTTING					
No. of working days in a Year	300	300	300	300	300
Less : Days for off Season	150	150	150	150	150
No. of Machine Running days in a Year	150	150	150	150	150
Capacity of the machine in kgs per day	50	50	50	50	50
Production in KGs	70%	70%	70%	70%	70%
Utilisation of the Capacity (%)	70%	75%	80%	85%	90%
Production during the year (in KGs)	3,675	3,938	4,200	4,463	4,725
Rate per KG	400	440	484	532	586
Gross Revenue earned per annum - A	14,70,000	17,32,500	20,32,800	23,75,835	27,67,149
REVENUE FROM SALE OF WASTE					
No. of Machine Running days in a Year	150	150	150	150	150
Capacity of the machine in kgs per day	50	50	50	50	50
Utilisation of the Capacity (%)	70%	75%	80%	85%	90%
Waste in %	30%	30%	30%	30%	30%
Waste in kgs	1,575	1,688	1,800	1,913	2,025
Rate per kg	5	5	6	6	6
Gross Revenue earned per annum - B	7,875	8,859	9,923	11,070	12,307
COST OF RAW MATERIALS					
Consumption of Raw Materials	5,250	5,625	6,000	6,375	6,750
Rate per KG	75	83	91	100	110
Total Cost of Raw Material per annum - C	3,93,750	4,64,063	5,44,500	6,36,384	7,41,201
EXPENDITURE					
Salaries and Wages	3,96,000	4,55,400	5,23,710	6,02,267	6,92,606
Electricity Charges	1,08,000	1,18,800	1,30,680	1,43,748	1,58,123
Rent	1,44,000	1,58,400	1,74,240	1,91,664	2,10,830
Transportation and Travelling	36,000	39,600	43,560	47,916	52,708
Packaging and Promotion Expenses	60,000	66,000	72,600	79,860	87,846
Miscellaneous Expense	25,000	27,500	30,250	33,275	36,603
Total Expenditure - D	7,69,000	8,65,700	9,75,040	10,98,730	12,38,716
Net Profit before Interest /Cash Flow (A+B-C-D)	3,15,125	4,11,597	5,23,183	6,51,791	7,99,540



PROJECTED TERM LOAN DSCR STATEMENT

	Year 1	Year 2	Year 3	Year 4	Year 5
	Projected	Projected	Projected	Projected	Projected
Profit available to service the debt	3,15,125	4,11,597	5,23,183	6,51,791	7,99,540
Loan Repayment	20,536	44,105	48,482	53,294	58,583
Interest on Term Loan	20,972	17,536	13,159	8,347	3,058
Debt to be Served	41,508	61,641	61,641	61,641	61,641
Debt Service Coverage Ratio	8	7	8	11	13
AVERAGE DSCR	9				

DEBT SERVICE CEVERAGE RATIO



BREAKEVEN ANALYSIS

Investment Value Including Margin Rs. 250000

Year ended	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Cash Flow as per Statement of Income	3,15,125	4,11,597	5,23,183	6,51,791	7,99,540
Less : Interest on Loan	20,972	17,536	13,159	8,347	3,058
Less : Estimated Drawings/Personal Expenses	1,57,563	2,05,798	2,61,591	3,25,895	3,99,770
Net Cash Flow	1,36,590	1,88,262	2,48,432	3,17,548	3,96,712
Cumulative Cash Flow	1,36,590	3,24,852	5,73,284	8,90,832	12,87,544
Break Even Investment (in years)	1 Year and 7.2 Months				



DETAIL REPAYMENT SCHEDULE

Year	Quarter	Loan Installment	Principal Payment	Loan Outstanding	Interest at 9.5%	Cumulative Interest
1	1	5,344	-	2,25,000	5,344	20,972
	2	5,344	-	2,25,000	5,344	
	3	15,410	10,146	2,14,854	5,264	
	4	15,410	10,389	2,04,464	5,021	
2	1	15,410	10,638	1,93,826	4,772	17,536
	2	15,410	10,893	1,82,933	4,518	
	3	15,410	11,154	1,71,780	4,257	
	4	15,410	11,421	1,60,359	3,990	
3	1	15,410	11,694	1,48,665	3,716	13,159
	2	15,410	11,974	1,36,692	3,437	
	3	15,410	12,260	1,24,431	3,150	
	4	15,410	12,554	1,11,877	2,856	
4	1	15,410	12,854	99,023	2,556	8,347
	2	15,410	13,162	85,860	2,248	
	3	15,410	13,477	72,383	1,933	
	4	15,410	13,800	58,583	1,610	
5	1	15,410	14,130	44,453	1,280	3,058
	2	15,410	14,469	29,984	942	
	3	15,410	14,815	15,170	595	
	4	15,410	15,170	0	241	
Total		2,88,074	2,25,000		63,074	63,074



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