



DETAILED PROJECT REPORT

Neem Oil Extraction



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:



2. OBJECTIVES OF SVSY

Under Yuva Niti 2022, the new Swami Vivekananda Yuva Shakti Yojana is proposed on the following grounds to achieve holistic development of 2.1 crore youth of the state and to bring about constructive social change by the youth in keeping with the India@2047 vision of the Hon'ble Prime Minister.

The current scenario of the state on various parameters is as follows:

- i. Political Representation:** Out of total 1,01,308 members in rural local bodies, 12,411 (12.25 per cent) youths and 360 youths (5.36 per cent) out of 6713 municipal councillors are political representatives.
- ii. Education:** Out of a total of 2.1 crore youth, 21.55 lakh (10.37 per cent) students are in high school, 11.75 lakh (5.65 per cent), 6.45 lakh (3.10 per cent) in general degree colleges, 1.51 lakh (2.72 per cent), 1.11 lakh in polytechnics. (0.53 per cent), 0.74 lakh (0.36 per cent) The total number of students studying in medical courses is 43.12 lakh, which is per cent of the total youth. 21 percent will be. Remaining 157.88 lakh youth have below 10th standard education.
- iii. Employment:** According to the National Skill Development Corporation report, out of the total 2.1 crore youth in the state, 82 lakh (41 per cent) youth are in the labour force. As the remaining 119 lakh youth (59 per cent) are not in the professional labour force, they need to be given skill training to make them self-reliant.
- iv. Skill Development:** Out of the total 82 lakh youth in the workforce, 16 lakh youth (20 per cent) have received skill vocational training. The remaining 66 lakh (80 percent) youth need to be given skill development training. Out of this, only one



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

Neem oil

Neem oil's benefits mean that few skincare superfoods hold as much clout in the average Indian kitchen as neem. From the leaves to the bark, the neem tree makes



for a multi-purpose pharmacy, and has even earned the moniker of 'nature's drugstore'. A crucial part of many Ayurvedic medicines, this pantry staple also comes with a host of skincare benefits ranging from anti-acne to addressing premature ageing concerns.

After extraction of oil, waste will be used as organic manure which is very popular in organic farming.

Farmers sell raw material (neem seeds) for very small price locally in the district region. New technology processing of neem oil extraction will empower the youths economically where they can produce oil in a hygienic way and sell it for reasonable price at current market and create lot of self-employments in the region.

5. DELIVERABLES AND MARKET OF THE PRODUCT

Neem oil comes from the seed of the tropical neem tree, also known as Indian lilac. Neem oil has a wide history of use as a folk remedy around the world, and has been used to treat many conditions. Although it has a harsh odor, it's high in fatty acids and other nutrients, and it's used in a variety of beauty products like skin creams, body lotions, hair products, and cosmetics.

Neem oil contains many ingredients that are extremely beneficial to the skin. Some of those ingredients include:

- fatty acids (EFA)
- limonoids



- vitamin E
- triglycerides
- antioxidants
- calcium

It has been used in beauty regimens and skin care to:

- treat dry skin and wrinkles
- stimulate collagen production
- reduce scars
- heal wounds
- treat acne
- minimize warts and moles

Neem oil may also be used to treat the symptoms of psoriasis, eczema, and other disorders of the skin.

Project Assumptions:

This model DPR for Neem Oil Expeller 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 Neem Oil Expeller	100 Kg/ yr	
Utilization of capacity:	Year 1	60%
	Year 2	65%
	Year 3	75%
	Year 4	75%
	Year 5	80%
Working days per year:	300 days	
Working hours per day:	8-10 hours	
Average price of raw material (Neem seeds):	Rs. 60/ kg	
Average sale price of Finished product	Rs. 500/ lit	

Details of Machinery





Commercial Expeller Multi Seed Oil Press
Capacity: 300 kgs/ hr.
Power: 5 HP
Price: 3,50,000/-
Material: SS
Supplier: Pro B Products
Location: Peenya, Bengaluru

Note: Dealers are available at Bengaluru for the above machine

Market Output:

VKF will hand hold them to facilitating better packing and market linkage.

<u>Market Linkage</u>	<u>Retailers</u>
❖ <u>Star Hotels</u>	❖ <u>Hotels</u>
❖ <u>Super Markets</u>	❖ <u>Exclusive Oil stores</u>
❖ <u>Organic Stores</u>	❖ <u>Hyper marts</u>

6. ROLE OF EACH OF THE JLG MEMBERS

How JLG will participate:

- 2 persons will be used to procurement
- 2 persons for production



- 1 person for the logistics
- 2 persons for branding and sales
- 2 persons for waste management like selling the end users

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.
1	Bank Loan	4,27,500



2	JLG contribution	47,500
3	Total	4,75,000

Sl. No.	Details	Cost in Rs
1.	Machine cost	3,15,000
2.	Furniture	40,000
3.	Working capital (Shed deposit, electric connection deposit, Miscellaneous and preoperative expenses)	1,20,000
	Total	4,75,000

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

- JLG members are very young and are aware of demand for neem oil in the local as well as the national market.
- There is abundant raw material available in the district.
- The source of raw material procurement is very convenient due to local availability and helping farmers.
- Farmers bring neem seeds and extract oil for their house hold use, sells locally available markets, where they pay service charges.
- Waste from oil extraction called cake is very good cattle feed and has good demand.

II. Weakness

- There are hardly any systematic efforts made to improve in the local organic oil industry which is so vital from the point of view of its importance of using organic oil and greater self-employment potential.



- The JLG members lack insufficient place for working/processing in their units. All the process was being carried at one small area.
- The JLG members are unable to purchase modern machineries due to financial limitations.
- The JLG members have poor access to national and international markets. This will affect initially the profitability of the JLG members.

III. Opportunities

- It has been realized that by organizing modern trend of organic oil is big boon.
- JLG members are still very young if they start performing well in business and in future modern process machinery with better productivity and quality as well as special features for the final products can be done within JLG members.

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.
- Major player in the industry will sell it for lower price at the beginning and JLG members need to work hard.



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.

Ecosystem Support from Project

The youth service program will empower the neem values which is getting waste in north Karnataka region.

Youth's while experiencing the business will help spread the value by organically extraction of oil and usage will give better health to society.

Awareness on ayurveda and skin care will support farmers also to get better benefit. Neem is able to balance oil production, heal wounds, stimulate collagen formation, reduce post-acne scars and minimise skin inflammation. It works as a natural alternative to heal the skin tissue from within and simultaneously reduces hyperpigmentation and scars.

In addition to reducing marks left behind from the ghosts of breakouts past, neem also works on actively treating pimples with its antiseptic and antibacterial properties, thus earning a regular spot in anti-acne cleansers, creams and treatments.



Those suffering from sun damage and the residual skin redness will find relief in this herb's anti-inflammatory properties too. The presence of essential fatty acids in the oil derived from its leaves makes for a handy moisturiser that sinks deep within the skin. Regular usage of neem oil increases the skin's ability to absorb other subsequent active ingredients, thus helping you maximise the impact of all components in your skincare regimen.

As the skin ages, the production of collagen starts decreasing, which in turn leads to the appearance of wrinkles. Neem comes loaded with Vitamin C, which helps boost the natural production of collagen and flood the skin with antioxidants to smooth fine lines.

And while it treads lightly around dry skin, neem is just as effective at controlling the production of excess sebum in oily skin types by serving as an astringent.

12. THE END PRODUCTS PRODUCED WITH PEANUTS



Fig: Neem oil and seeds meal



13. FINANCIALS

CASH FLOW STATEMENT

Particulars	Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
<u>REVENUE FROM SALE OF NEEM OIL</u>					
No. of working days in a Year	300	300	300	300	300
Less : Days for off Season	-	-	-	-	-
No. of Machine Running days in a Year	300	300	300	300	300
Capacity of the machine in kgs per day	100	100	100	100	100
Production in ltrs	30%	30%	30%	30%	30%
Utilisation of the Capacity (%)	60%	65%	70%	75%	80%
No of ltrs Produced in a year	5,400	5,850	6,300	6,750	7,200
Rate per Litre	500	550	605	666	732
Gross Revenue earned per annum - A	27,00,000	32,17,500	38,11,500	44,92,125	52,70,760
<u>COST OF RAW MATERIALS</u>					
Consumption of Raw Materials	18,000	19,500	21,000	22,500	24,000
Rate per Kgs	60	66	73	80	88
Total Cost of Raw Material per annum - B	10,80,000	12,87,000	15,24,600	17,96,850	21,08,304
<u>EXPENDITURE</u>					
Salaries and Wages	8,40,000	9,66,000	11,10,900	12,77,535	14,69,165
Electricity Charges	60,000	66,000	72,600	79,860	87,846
Other Manufacturing Expenses	36,000	39,600	43,560	47,916	52,708
Transportation and Travelling	36,000	39,600	43,560	47,916	52,708
Rent	1,20,000	1,32,000	1,45,200	1,59,720	1,75,692
Packaging and Promotion Expenses	60,000	66,000	72,600	79,860	87,846
Miscellaneous Expenses	25,000	27,500	30,250	33,275	36,603
Total Expenditure - C	11,77,000	13,36,700	15,18,670	17,26,082	19,62,567
Net Profit before Interest /Cash Flow (A-B-C)	4,43,000	5,93,800	7,68,230	9,69,193	11,99,889

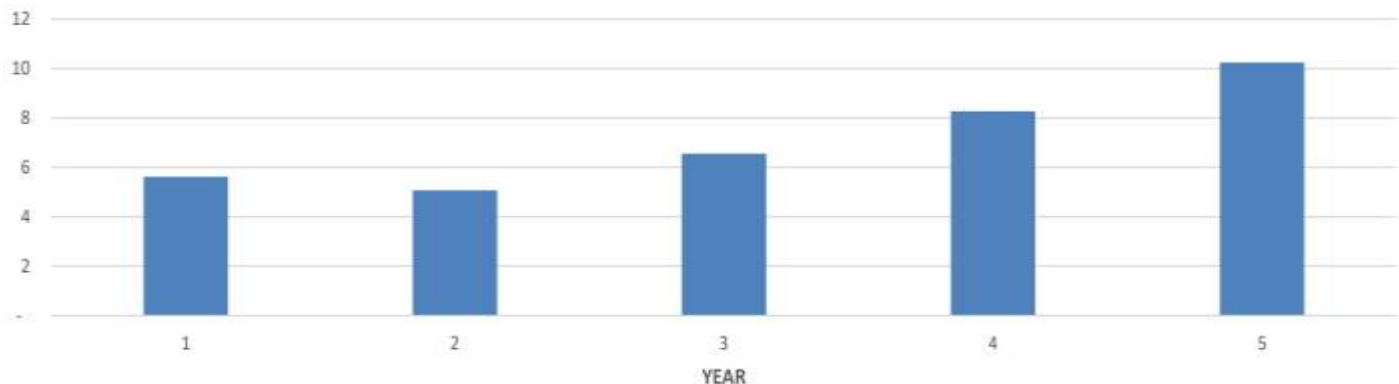


DSCR STATEMENT

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	4,43,000	5,93,800	7,68,230	9,69,193	11,99,889
Loan Repayment	39,018	83,799	92,116	1,01,258	1,11,308
Interest on Term Loan	39,847	33,319	25,002	15,860	5,811
Debt to be Served	78,866	1,17,119	1,17,119	1,17,119	1,17,119
Debt Service Coverage Ratio	6	5	7	8	10
AVERAGE DSCR	7				

DEBT SERVICE CEVERAGE RATIO



BREAKEVEN ANALYSIS

Investment Value Including Margin Rs. 475000

Year ended	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Cash Flow as per Statement of Income	4,43,000	5,93,800	7,68,230	9,69,193	11,99,889
Less : Interest on Loan	39,847	33,319	25,002	15,860	5,811
Less : Estimated Drawings/Personal Expenses	2,21,500	2,96,900	3,84,115	4,84,597	5,99,945
Net Cash Flow	1,81,653	2,63,581	3,59,113	4,68,736	5,94,134
Cumulative Cash Flow	1,81,653	4,45,233	8,04,346	12,73,082	18,67,216
Break Even Investment (in years)	2 Year and 1 Months				



REPAYMENT SCHEDULE

DETAIL REPAYMENT SCHEDULE

Year	Quarter	Loan Installment	Principal Payment	Loan Outstanding	Interest at 9.5%	Cumulative Interest
1	1	10,153	-	4,27,500	10,153	39,847
	2	10,153	-	4,27,500	10,153	
	3	29,280	19,278	4,08,222	10,001	
	4	29,280	19,740	3,88,482	9,540	
2	1	29,280	20,212	3,68,269	9,067	33,319
	2	29,280	20,696	3,47,573	8,583	
	3	29,280	21,192	3,26,382	8,088	
	4	29,280	21,699	3,04,683	7,581	
3	1	29,280	22,218	2,82,464	7,061	25,002
	2	29,280	22,750	2,59,714	6,529	
	3	29,280	23,295	2,36,419	5,985	
	4	29,280	23,853	2,12,566	5,427	
4	1	29,280	24,424	1,88,143	4,856	15,860
	2	29,280	25,008	1,63,135	4,271	
	3	29,280	25,607	1,37,528	3,673	
	4	29,280	26,220	1,11,308	3,060	
5	1	29,280	26,848	84,461	2,432	5,811
	2	29,280	27,490	56,970	1,789	
	3	29,280	28,148	28,822	1,131	
	4	29,280	28,822	0	458	
Total		5,47,340	4,27,500		1,19,840	1,19,840



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