



DETAILED PROJECT REPORT

PAPER CUPS MAKING UNIT



By



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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 (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



PAPER CUP MAKING UNIT

In paper cup : foodservice paperboard is turned into reels, the reels are printed and cut into carefully measured cup sidewall blanks. The blanks are inserted into cup-forming machines that wrap the blanks into a cup shape and add the bottom. The seams of the cups are heated in order to make the cups liquid proof. The first stage: mainly finishes transmission of the paper cup's sidewall paper, shaping side-wall and transferring them to the second stage after shaped. The second stage: transmission of the cup-bottom paper, shaping cup bottom, joining the shaped side-wall and cup bottom, automatic transmission and discharging of the shaped cup, and curling the shaped cup's edge. The third stage: mainly includes 45 degree angle separating, preheating, curling bottom, curling rim and so on mechanisms, which are the important parts in finishing paper cup

5. DELIVERABLES AND MARKET OF THE PRODUCT

PAPER CUP MAKING UNIT

Lightweight

Disposable cups are light in weight, which is why it is used at places where children are present. The material used in the making of disposable cups is light in weight, which further reduces the overall weight of the cups.

Recyclable



Most disposable cups are recyclable which means manufacturers can decompose them to make more cups. As they are single-use cups, it becomes more important to think about making them less harmful to the environment.

Easy to handle

Disposable cups are the easiest thing to handle when you use them for serving beverages. They are more convenient to put in place and organize for further usage and even after usage.

Project Assumptions:

This model DPR for Paper making Unit 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	
Average Output Capacity of the paper cup unit	200 Kgs/day	
Utilization of capacity:	Year 1	60%
	Year 2	65%
	Year 3	70%
	Year 4	75%
	Year 5	80%
Working days per year:	300 days	
Working hours per day:	8-10 hours	



Average price of raw material :	Rs. 50/ kg	
Average sale price of Finished product	Rs. 100/ kg	

Details of Machinery



Paper cup making machine

Capacity: 200 Kgs/day

Supplier: Prayagraj ,

Location: UttarPradesh

Suppliers are available in Bengaluru

Market Output:



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

Market Linkage

- | | |
|--------------------------------------|-------------------------------|
| ❖ <u>hubs</u> | ❖ <u>Speciality Retailers</u> |
| ❖ <u>Super Markets/Hyper Markets</u> | ❖ <u>E-commerce</u> |
| ❖ <u>Exhibitions</u> | ❖ <u>Online</u> |

6. ROLE OF EACH OF THE JLG MEMBERS

How JLG will participate:

- 2 persons will be used to do procurement of raw materials
- 2 persons for production
- 2 persons for the logistics & sales
- 2 person to accounts

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	3,70,000	90%
2.	JLG contribution	70,000	10%
3.	Total	3,70,000	100%

Sl. No.	Details	Cost in Rs
1.	Machine cost	2,80,000
2.	Furniture	40,000
3.	Working capital (Shed deposit, electric connection deposit, Miscellaneous and preoperative expenses)	50,000
	Total	3,70,000

The proposed project implementation schedule is as follows:

Sl. No.	Project Component	Schedule
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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 aware of demand of paper cups local as well as the national market.
- The awareness of bio-degradable products and disposable cups.
- Reusage of papers can be done by this projects by helping circular economy
- The JLG members are having good coordination and co-operation among themselves and their friends. From this process they can support lot of their friends.



II. Weakness

- Products have lower export potential as there is poor quality due to lack of marketing, packing.
- 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

- 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 also can be done within JLG members.
- Growing health concerns owing to consumption of disposable cups.
- Young JLG members have long way to go with new innovation of value addition products of processed dehydrated fruits and vegetables.

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.

12. THE END PRODUCTS PRODUCED WITH MACHINE





13. FINANCIALS

CASH FLOW STATEMENT

Particulars	Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
<u>REVENUE FROM SALE OF PAPER CUP</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	200	200	200	200	200
Production in KGs	80%	80%	80%	80%	80%
Utilisation of the Capacity (%)	60%	65%	70%	75%	80%
Production during the year (in KGs)	28,800	31,200	33,600	36,000	38,400
Rate per KG	100	110	121	133	146
Gross Revenue earned per annum - A	28,80,000	34,32,000	40,65,600	47,91,600	56,22,144
<u>COST OF RAW MATERIALS</u>					
Consumption of Raw Materials	36,000	39,000	42,000	45,000	48,000
Rate per KG	50	55	61	67	73
Total Cost of Raw Material per annum - B	18,00,000	21,45,000	25,41,000	29,94,750	35,13,840
<u>EXPENDITURE</u>					
Salaries and Wages	4,68,000	5,38,200	6,18,930	7,11,770	8,18,535
Electricity Charges	60,000	66,000	72,600	79,860	87,846
Transportation and Travelling	36,000	39,600	43,560	47,916	52,708
Rent	96,000	1,05,600	1,16,160	1,27,776	1,40,554
Packaging and Promotion Expenses	25,000	27,500	30,250	33,275	36,603
Miscellaneous Expense	25,000	27,500	30,250	33,275	36,603
Total Expenditure - C	7,10,000	8,04,400	9,11,750	10,33,872	11,72,847
Net Profit before Interest /Cash Flow (A-B-C)	3,70,000	4,82,600	6,12,850	7,62,979	9,35,457

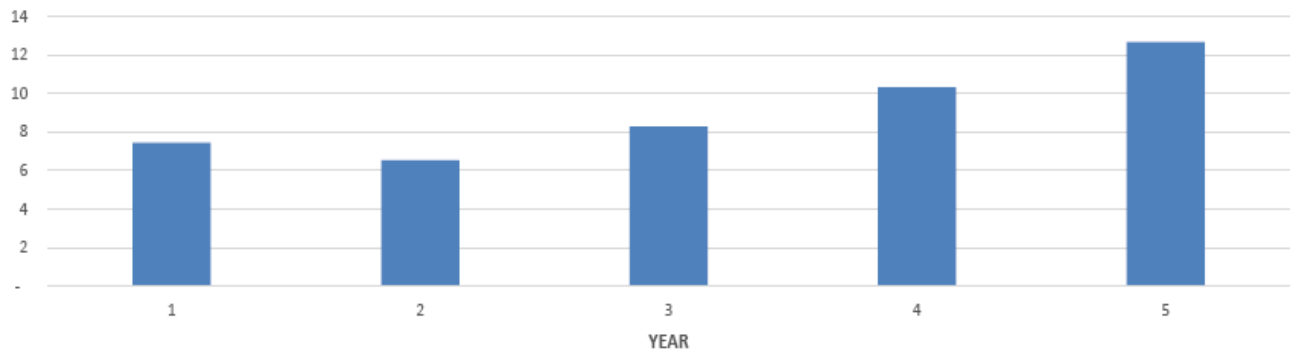


DSCR STATEMENT

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	3,70,000	4,82,600	6,12,850	7,62,979	9,35,457
Loan Repayment	24,643	52,926	58,179	63,953	70,300
Interest on Term Loan	25,167	21,044	15,791	10,017	3,670
Debt to be Served	49,810	73,970	73,970	73,970	73,970
Debt Service Coverage Ratio	7	7	8	10	13
AVERAGE DSCR	9				

DEBT SERVICE CEVERAGE RATIO



BREAKEVEN ANALYSIS

Investment Value Including Margin Rs. 300000

Year ended	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Cash Flow as per Statement of Income	3,70,000	4,82,600	6,12,850	7,62,979	9,35,457
Less : Interest on Loan	25,167	21,044	15,791	10,017	3,670
Less : Estimated Drawings/Personal Expenses	1,85,000	2,41,300	3,06,425	3,81,489	4,67,728
Net Cash Flow	1,59,833	2,20,256	2,90,634	3,71,472	4,64,059
Cumulative Cash Flow	1,59,833	3,80,089	6,70,723	10,42,196	15,06,254
Break Even Investment (in years)	1 Year and 7.6 Months				



REPAYMENT SCHEDULE

DETAIL REPAYMENT SCHEDULE

Year	Quarter	Loan Installment	Principal Payment	Loan Outstanding	Interest at 9.5%	Cumulative Interest
1	1	6,413	-	2,70,000	6,413	25,167
	2	6,413	-	2,70,000	6,413	
	3	18,492	12,176	2,57,824	6,317	
	4	18,492	12,467	2,45,357	6,025	
2	1	18,492	12,766	2,32,591	5,727	21,044
	2	18,492	13,071	2,19,520	5,421	
	3	18,492	13,384	2,06,136	5,108	
	4	18,492	13,705	1,92,431	4,788	
3	1	18,492	14,033	1,78,398	4,460	15,791
	2	18,492	14,369	1,64,030	4,124	
	3	18,492	14,713	1,49,317	3,780	
	4	18,492	15,065	1,34,253	3,428	
4	1	18,492	15,425	1,18,827	3,067	10,017
	2	18,492	15,795	1,03,032	2,698	
	3	18,492	16,173	86,860	2,320	
	4	18,492	16,560	70,300	1,933	
5	1	18,492	16,956	53,344	1,536	3,670
	2	18,492	17,362	35,981	1,130	
	3	18,492	17,778	18,203	715	
	4	18,492	18,203	-	289	
Total		3,45,688	2,70,000		75,688	75,688



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