



# Detailed Project Report

## Soap Manufacturing 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:**



Soap is a versatile and essential product that is commonly used for personal hygiene, handwashing, laundry, household cleaning, and personal care. It helps to remove dirt, oil, and germs from various surfaces, leaving them clean and fresh. Whether you are cleaning your body, washing your hands, doing laundry, or cleaning surfaces in your home, soap is an effective and easy-to-use cleansing agent that can help maintain hygiene and cleanliness. With a variety of different types and scents available, soap is a simple yet important item that plays a crucial role in our daily lives.

## **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 is primarily focused on the development of Karnataka state in collaboration and co-creation initiatives.

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 Development Goal of 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 CFCs.

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 facilitating Common Facility Centres, Preparation of DPR, Govt. liaising, market linkage activities, brand awareness, branding initiatives, value addition of the products produced by clusters etc. In this, regards we have collaborated and working with MSME, ESTC, IDEMI, Tribes India, NRLM and WCD to support rural masses in terms upgrading their livelihood opportunities.

#### **4. NAME OF PRODUCT AND TECHNOLOGY**

##### **Soap Manufacturing Unit**

A soap manufacturing unit is a facility where soap products are produced on a large scale. The manufacturing process usually involves mixing together various ingredients such as oils, fats, and alkalis, and then heating and mixing them until they form a thick, liquid soap base. The soap base is then poured into molds and allowed to cool and solidify.





The manufacturing process may also involve the addition of fragrances, colors, and other ingredients to create different types of soap products. Depending on the type of soap being produced, specialized equipment may be required, such as mixers, reactors, and packaging machines.

## **5. DELIVERABLES AND MARKET OF THE PRODUCT**

- **Cleanse:** Soap is used to remove dirt, oil, and other impurities from the skin or other surfaces.
- **Disinfect:** Some soaps contain antimicrobial agents that can help kill bacteria and other microorganisms that can cause infection or illness.
- **Moisturize:** Some soaps contain moisturizing ingredients like glycerin or shea butter that can help hydrate and soften the skin.
- **Exfoliate:** Some soaps contain abrasive particles like oatmeal or pumice that can help remove dead skin cells and promote skin renewal.
- **Fragrance:** Many soaps contain fragrances that can provide a pleasant scent and contribute to a sense of cleanliness and well-being.
- **Other benefits:** Depending on the specific formulation, soaps may provide other benefits such as soothing skin irritation, reducing inflammation, or improving the appearance of the skin.

### **Project Assumptions:**

This model DPR for Soap Manufacturing 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 DPR are given in Table. Therefore, land and civil infrastructures are assumed as already available with the entrepreneur.

<b>Table: Detailed Project Assumptions</b>		
Parameter	Value	
Assumed Capacity of the Soap Manufacturing Unit:	100 kg per 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. 120/ kg	
Average sale price of product	Rs. 200/ kg	



## Machineries



RAEVATHI Semi-Automatic Bath Soap Making Machine
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Capacity: 50 kg/hr
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Material: Stainless Steel
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RAEVATHI DETERGENT ENGINEERS Coimbatore, Tamil Nadu
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**Machinery is also available in Bengaluru.**

### **Market Output:**

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



### Market Linkage

- ❖ Grocery Stores
- ❖ Hotels
- ❖ Corporate/Government Institutions

### ❖ Supermarkets and Departmental Stores

- ❖ E-commerce
- ❖ Quick Commerce

## **6. ROLE OF EACH OF THE JLG MEMBERS**

### How JLG will participate:

- 2 persons will be used to procurement of raw materials
- 2 persons for production
- 2 persons for the logistics & sales
- 2 persons for sieving
- 2 persons for maintenance of machines

## **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. ESTIMATED COST 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	3,06,000	90%
2	JLG contribution	6,000	10%
3	<b>Total</b>	<b>3,12,000</b>	<b>100%</b>

Sl. No.	Details	Cost in Rs.
1	Machine Cost	2,00,000
2	Furniture	30,000
3	Working capital (Shed deposit, electric connection deposit,	82,000



	Miscellaneous and preoperative expenses)	
	TOTAL	3,12,000

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. Strengths

- Growing awareness among entrepreneurs about the need for modernization, managerial and technical skill.
- Soap can be formulated for different skin types and purposes, making it a versatile product that can meet a range of consumer needs.
- Many consumers have brand loyalty when it comes to soap, making it a competitive advantage for established brands.
- Soap is a staple product that is used by millions of people worldwide.
- The cluster members are having good coordination among themselves and are serious about resolving cluster problems.

### II. Weaknesses

- Quality control issues, as some manufacturers may use low-quality ingredients, which can lead to a decrease in the quality of the final product.
- Soap manufacturing can have an environmental impact, such as water pollution and deforestation due to the use of palm oil in some formulations.
- There is a lot of competition in the soap market, both from established brands and from smaller, niche brands.

### III. Opportunities

- Growing demand for natural and organic products: Consumers are increasingly interested in natural and organic soap products that use sustainable and ethically sourced ingredients.





- Expansion of market reach by utilizing e-commerce platforms and marketing through social media.
- The rise of e-commerce provides new opportunities for soap manufacturers to reach consumers directly and to offer a wider range of products.

#### **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.
- Economic downturns can lead to reduced consumer spending, which can impact sales of soap products.
- Changes in regulations around ingredients, manufacturing processes, or packaging can impact the soap industry and manufacturers.



## **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**

- **Use of natural and sustainable ingredients:** soap manufacturers can choose to use natural and sustainable ingredients in their products, such as plant-based oils and fats, instead of synthetic ingredients that may be harmful to the environment.
- **Reduced water consumption:** Soap manufacturers can implement processes that reduce water consumption during production, such as using closed-loop systems that recycle water and avoid wastage. This can help to conserve water resources, which is especially important in areas where water is scarce or in high demand.
- **Reduction of carbon footprint:** Soap manufacturing businesses can take steps to reduce their carbon footprint by using renewable energy sources, such as solar or



wind power, to power their production facilities. They can also use transportation methods that are more eco-friendly, such as electric or hybrid vehicles, to transport their products.

- **Recycling and waste reduction:** Soap manufacturers can implement recycling and waste reduction programs within their facilities to reduce the amount of waste that they produce. This can include initiatives such as composting or recycling used packaging materials, and finding ways to reuse or repurpose waste materials generated during the production process.

## **12. THE END PRODUCTS PRODUCED FROM THE MACHINE**





## 13. FINANCIALS

### CASH FLOW STATEMENT

Particulars	Year				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b><u>REVENUE FROM SALE OF SOAP</u></b>					
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 kgs	100%	100%	100%	100%	100%
Utilisation of the Capacity (%)	60%	65%	70%	75%	80%
No of kgs Produced in a year	18,000	19,500	21,000	22,500	24,000
Rate per kgs	200	220	242	266	293
<b>Gross Revenue earned per annum – A</b>	<b>36,00,000</b>	<b>42,90,000</b>	<b>50,82,000</b>	<b>59,89,500</b>	<b>70,27,680</b>
<b><u>COST OF RAW MATERIALS</u></b>					
Consumption of Raw Materials	18,000	19,500	21,000	22,500	24,000
rate per kg	120	132	145	160	176
<b>Total Cost of Raw Material per annum – B</b>	<b>21,60,000</b>	<b>25,74,000</b>	<b>30,49,200</b>	<b>35,93,700</b>	<b>42,16,608</b>
<b><u>EXPENDITURE</u></b>					
Salaries and Wages	7,92,000	9,10,800	10,47,420	12,04,533	13,85,213
Electricity Charges	60,000	66,000	72,600	79,860	87,846
Other Manufacturing Expenses	48,000	52,800	58,080	63,888	70,277
Transportation and Travelling	60,000	66,000	72,600	79,860	87,846
Rent	1,20,000	1,32,000	1,45,200	1,59,720	1,75,692
Packaging and Promotion Expenses	48,000	52,800	58,080	63,888	70,277
Miscellaneous Expenses	25,000	27,500	30,250	33,275	36,603
<b>Total Expenditure – C</b>	<b>11,53,000</b>	<b>13,07,900</b>	<b>14,84,230</b>	<b>16,85,024</b>	<b>19,13,753</b>
<b>Net Profit before Interest /Cash Flow (A-B-C)</b>	<b>2,87,000</b>	<b>4,08,100</b>	<b>5,48,570</b>	<b>7,10,776</b>	<b>8,97,319</b>

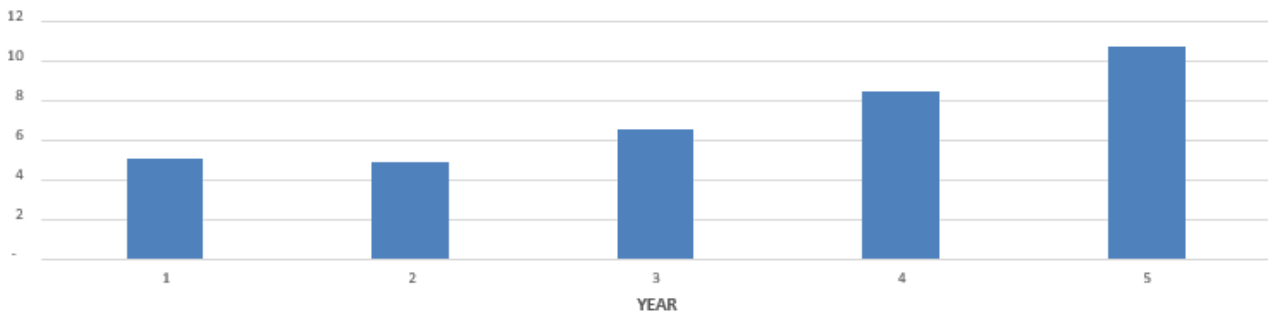


## DSCR STATEMENT

### 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	2,87,000	4,08,100	5,48,570	7,10,776	8,97,319
Loan	27,929	59,983	65,936	72,480	79,673
Repayment	28,522	23,850	17,897	11,353	4,159
Interest on Term Loan					
<b>Debt to be Served</b>	<b>56,451</b>	<b>83,832</b>	<b>83,832</b>	<b>83,832</b>	<b>83,832</b>
Debt Service Coverage Ratio	5	5	7	8	11
<b>AVERAGE DSCR</b>	<b>7</b>				

DEBT SERVICE CEVERAGE RATIO





## BREAKEVEN ANALYSIS

Investment Value Including Margin Rs. 340000

Year ended	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Cash Flow as per Statement of Income	2,87,000	4,08,100	5,48,570	7,10,776	8,97,319
Less : Interest on Loan	28,522	23,850	17,897	11,353	4,159
Less : Estimated Drawings/Personal Expenses	1,43,500	2,04,050	2,74,285	3,55,388	4,48,659
<b>Net Cash Flow</b>	<b>1,14,978</b>	<b>1,80,200</b>	<b>2,56,388</b>	<b>3,44,035</b>	<b>4,44,500</b>
<b>Cumulative Cash Flow</b>	<b>1,14,978</b>	<b>2,95,178</b>	<b>5,51,567</b>	<b>8,95,602</b>	<b>13,40,102</b>
<b>Break Even Investment (in years)</b>	<b>2 Year and 2.1 Months</b>				



## **REPAYMENT**

### DETAIL REPAYMENT SCHEDULE

Year	Quarter	Loan Installment	Principal Payment	Loan Outstanding	Interest at 9.5%	Cumulative Interest
1	1	7,268	-	3,06,000	7,268	28,522
	2	7,268	-	3,06,000	7,268	
	3	20,958	13,799	2,92,201	7,159	
	4	20,958	14,130	2,78,071	6,828	
2	1	20,958	14,468	2,63,603	6,490	23,850
	2	20,958	14,814	2,48,789	6,144	
	3	20,958	15,169	2,33,620	5,789	
	4	20,958	15,532	2,18,089	5,426	
3	1	20,958	15,904	2,02,185	5,054	17,897
	2	20,958	16,284	1,85,900	4,674	
	3	20,958	16,674	1,69,226	4,284	
	4	20,958	17,073	1,52,153	3,885	
4	1	20,958	17,482	1,34,671	3,476	11,353
	2	20,958	17,901	1,16,770	3,057	
	3	20,958	18,329	98,441	2,629	
	4	20,958	18,768	79,673	2,190	
5	1	20,958	19,217	60,456	1,741	4,159
	2	20,958	19,677	40,779	1,281	
	3	20,958	20,148	20,631	810	
	4	20,958	20,631	-	328	
<b>Total</b>		<b>3,91,780</b>	<b>3,06,000</b>		<b>85,780</b>	<b>85,780</b>





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