



Model Detailed Project Report

PASTA UNIT

Prepared by

National Institute of Food Technology

Entrepreneurship and Management(NIFTEM)

Plot No. 97, Sector 56, HSIIDC, Industrial Estate, Kundli,

Sonipat, Haryana 131028

Ministry of Food Processing Industries, Government of India

1. INTRODUCTION

PASTA UNIT



Pasta is a type of food typically made from an unleavened dough of durum wheat flour (semolina) mixed with water or eggs, and formed into sheets or various shapes, then cooked by boiling or baking. Rice flour, or legumes such as beans or lentils, are sometimes used in place of wheat flour to yield a different taste and texture, or as a gluten-free alternative.

Pasta refers to the staple food of tradition Italian cuisine which is made using dough, water, eggs, vegetables, and oil. The dough is kneaded into various shapes some of which are known as penne, spaghetti, farfalle, fettuccine, barbina, etc. Pasta is associated with several health benefits owing to a high concentration of vitamins and minerals.

Pasta is a staple food of Italian cuisine. Pastas are divided into two broad categories: dried and fresh. Most dried pasta is produced commercially via an extrusion process, although it can be produced at home. Fresh pasta is traditionally produced by hand, sometimes with the aid of simple machines. Fresh pastas available in grocery stores are produced commercially by large-scale machines.

2. MARKET POTENTIAL:

“Indian Pasta Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2018-2023”, the pasta market in India reached a sales value of US\$ 286.6 Million in 2017, exhibiting a CAGR of 17.1% during 2010-2017.

Revenue in the Pasta segment is projected to reach US\$11,881m in 2020. The market is expected to grow annually by 3.8% (CAGR 2020-2025). The average per capita consumption will stand at 6.5 kg in 2020.

The primary factors increasing the growth of the pasta market in India include rising urbanization, changing lifestyles and surging demand for ready-to-eat products. In addition to this, the market is also influenced by an increasing women employment rate coupled with rising disposable incomes. Further, the health-conscious consumers are demanding food products with healthier ingredients, which have led to a rise in the demand for pasta made with whole-wheat.

On the basis of type, the market has been segmented as dry pasta, instant pasta and fresh pasta. Currently, dry pasta dominates the Indian pasta market, holding the majority of the market share.

3. PRODUCT DESCRIPTION

3.1 PRODUCT BENEFITS

Pasta is the perfect foundation for a healthy, nutritious and satisfying meal. For starters, pasta is the ideal partner for so many other foods, including fibre

rich vegetables and beans, heart healthy fish, antioxidant rich tomato sauce and protein packed cheeses, poultry and lean meats. Pasta also offers:

- **Sustained Energy:** Carbohydrates like pasta provide glucose, the crucial fuel for your brain and muscles. And because pasta is an awesome source of complex carbohydrates, releasing energy at a slow and sustained level, you don't get the energy spikes associated with simple sugars.
- **Low Sodium and Cholesterol Free:** If you're watching your cholesterol levels, pasta is perfect for you, being very low in sodium and cholesterol free. Per cup, enriched varieties of pasta provide a good source of several essential nutrients, including iron and B-vitamins.
- **Folic Acid:** Enriched pasta is fortified with folic-acid – essential for women of child-bearing age. A serving of dry pasta supplies the equivalent of roughly 100 micrograms of folic acid, or 25% of the recommended daily intake.
- **Balanced Diet:** Pasta is part of a well-balanced diet, with current Australian Government guidelines suggesting 35% of our daily calories intake should come from complex carbohydrates such as pasta. Combine pasta with lean protein and vegetables for a complete meal that puts you well on the path to hitting those dietary goals!

3.2 Raw Material

Based on raw materials, semolina represents the largest segment, followed by refined flour and durum wheat. This can be accredited to the high gluten content of semolina which helps in maintaining the shape of pasta.

Durum Wheat Semolina is required as basic raw material for pasta manufacturing business.

Semolina (cost per KG) = Rs. 24-25

3.3 MANUFACTURING PROCESS

Step 1: Take Semolina (Rava) of different batches like 50 KG/hour, 100 KG/hour, 300 KG/hour, which depends upon the machine capacity and pour it into the hopper.

Step 2: After that with the help of screw conveyer (of 12 feet, made of stainless steel) the rava is fed into the online mixer and then add water accordingly.

Step 3: Mix for 15-20 minutes by maintaining the temperature accordingly.

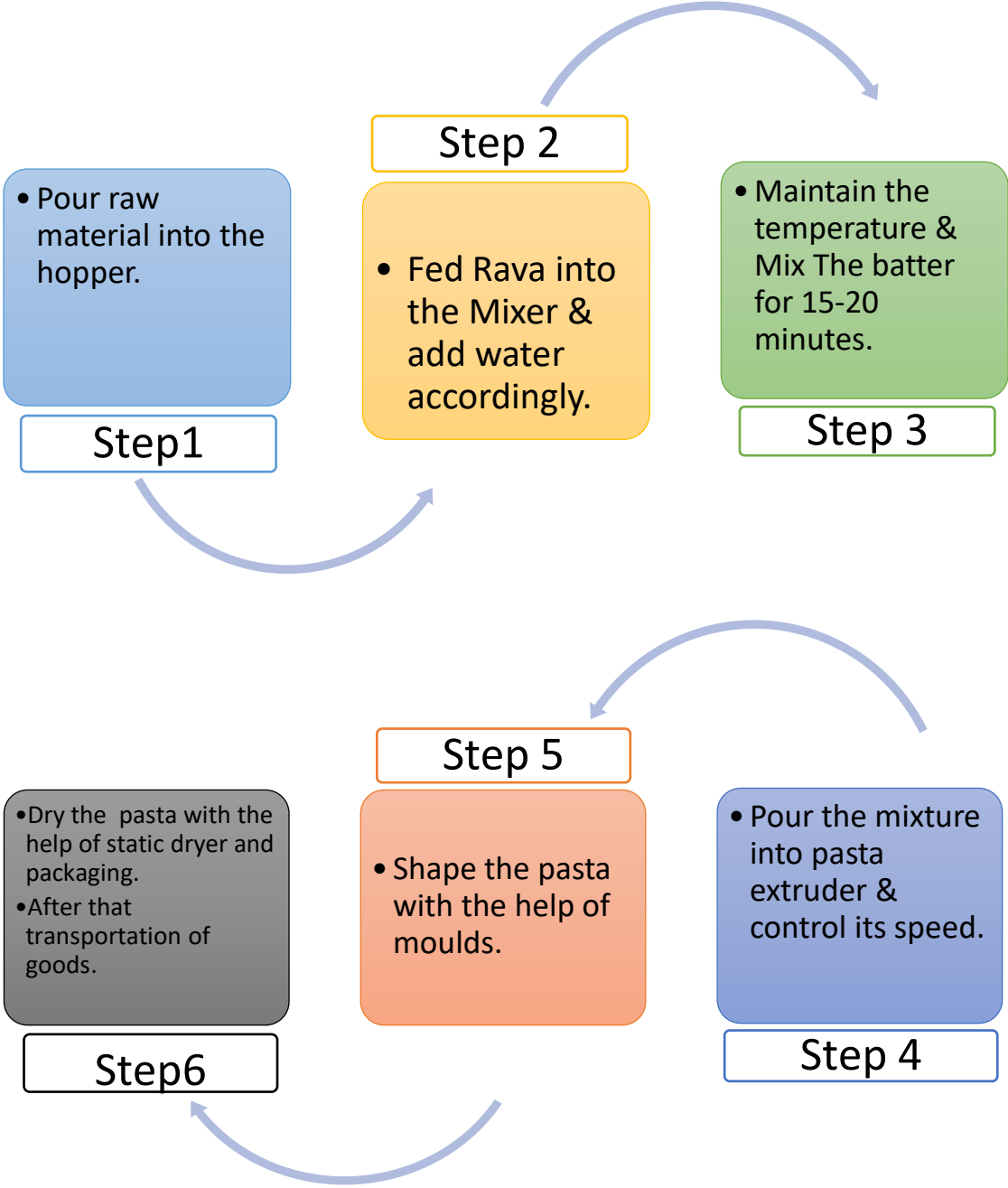
Step 4: After Mixing pour it into pasta extruder made of mild steel.

Step 5: Now, use the moulds for different types of shapes required for pasta and fed into the vibro feeder.

Step 6: After that dry the pasta with the help of static dryer & packed the pasta for selling it into the market.

Technical Process Flow Chart

Pasta Manufacturing Process



4. PROJECT COMPONENTS



4.1 Land


Land required 1000-1200 square feet approx.

Approximate rent for the same is Rs.20000-24000 per month.

4.2 Plant & Machinery

Manufacturing section

Particulars	Description	Image
Batch Mixer	Used for loading Ingredients into the mixer, processed until the powder is homogenous, then discharged as a single batch.	
Pasta Machine	This machine is used for final pasta production with the help of extruder.	

Static Dryer	For drying pasta	
--------------	------------------	---

Note: total cost of the machinery is Rs. 8,00,000 excluding GST and other transportation cost.

4.3 Misc. Assets

S.N.	Item Description	Rate
1	Equipments (storage tank, collection tank etc.) & Tools	60,000
2	Furniture and equipment's	50,000
3	Electricity fitting etc.	40,000

4.4 Power Requirement

The borrower shall require power load of 7-8 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

4.5 Manpower Requirement

5-6 Manpower are required for the pasta manufacturing unit.

Includes:

2 Skilled Labour

2 Unskilled Labour

1-2 Helper

1 Accountant

5. FINANCIALS

5.1 Cost of Project

COST OF PROJECT			
			(in Lacs)
PARTICULARS	AMOUNT	Own Contribution	Bank Finance
		25.00%	75.00%
Land & Building		Owned /rented	
Plant & Machinery	8.00	2.00	6.00
Furniture & Fixtures and Other Assets	1.50	0.38	1.13
Working capital	4.67	1.17	3.50
Total	14.17	3.54	10.63

5.2 Means of Finance

MEANS OF FINANCE	
PARTICULARS	AMOUNT
Own Contribution	3.54
Bank Loan	7.13
Working capital Limit	3.50
Total	14.17

5.3 Projected Balance Sheet

(in Lacs)					
PROJECTED BALANCE SHEET					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
opening balance		3.73	4.79	6.57	7.82
<i>Add:- Own Capital</i>	3.54				
Add:- Retained Profit	1.69	3.06	4.78	6.75	8.78
Less:- Drawings	1.50	2.00	3.00	5.50	7.00
Closing balance	3.73	4.79	6.57	7.82	9.60
Term Loan	6.33	4.75	3.17	1.58	-
Working Capital Limit	3.50	3.50	3.50	3.50	3.50
Sundry Creditors	0.94	1.14	1.30	1.46	1.62
Provisions & Other Liab	0.50	0.63	0.75	0.90	1.08
TOTAL :	15.00	14.81	15.28	15.26	15.81
<u>Assets</u>					
Fixed Assets (Gross)	9.50	9.50	9.50	9.50	9.50
Gross Dep.	1.35	2.51	3.49	4.34	5.06
Net Fixed Assets	8.15	7.00	6.01	5.16	4.44
Current Assets					
Sundry Debtors	2.33	2.90	3.34	3.82	4.32
Stock in Hand	3.47	3.99	4.49	5.03	5.58
Cash and Bank	1.05	0.93	1.44	1.26	1.47
TOTAL :	15.00	14.81	15.28	15.26	15.81

5.4 Projected Cash Flow

(in Lacs)					
PROJECTED CASH FLOW STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	3.54				
Net Profit	1.69	3.06	4.78	6.95	9.33
Depreciation & Exp. W/off	1.35	1.16	0.99	0.85	0.72
Increase in Cash Credit	3.50	-	-	-	-
Increase In Term Loan	7.13	-	-	-	-
Increase in Creditors	0.94	0.21	0.15	0.16	0.17
Increase in Provisions & Oth lib	0.50	0.13	0.13	0.15	0.18
TOTAL :	18.64	4.55	6.05	8.11	10.40
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	9.50				
Increase in Stock	3.47	0.52	0.50	0.53	0.56
Increase in Debtors	2.33	0.56	0.44	0.47	0.50
Repayment of Term Loan	0.79	1.58	1.58	1.58	1.58
Drawings	1.50	2.00	3.00	5.50	7.00
Taxation	-	-	-	0.20	0.55
TOTAL :	17.59	4.67	5.53	8.29	10.19
Opening Cash & Bank Balance	-	1.05	0.93	1.44	1.26
Add : Surplus	1.05	(0.12)	0.52	(0.19)	0.21
Closing Cash & Bank Balance	1.05	0.93	1.44	1.26	1.47

5.5 Projected Profitability

(in Lacs)					
PROJECTED PROFITABILITY STATEMENT					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilization %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Pasta	35.00	43.46	50.12	57.23	64.79
Total	35.00	43.46	50.12	57.23	64.79
<u>COST OF SALES</u>					
Raw Material Consumed	18.75	21.45	24.30	27.30	30.45
Electricity Expenses	2.10	2.42	2.78	3.19	3.51
Depreciation	1.35	1.16	0.99	0.85	0.72
Wages & labour	5.52	6.07	6.68	7.35	8.08
Repair & maintenance	0.88	1.96	2.26	2.58	2.92
Cost of Production	28.60	33.05	37.00	41.26	45.69
Add: Opening Stock /WIP	-	1.91	2.20	2.47	2.75
Less: Closing Stock /WIP	1.91	2.20	2.47	2.75	3.05
Cost of Sales	26.69	32.75	36.74	40.98	45.39
GROSS PROFIT	8.31	10.71	13.38	16.25	19.40
Salary to Staff	1.68	1.85	2.03	2.24	2.46
Interest on Term Loan	0.70	0.62	0.44	0.27	0.09
Interest on working Capital	0.39	0.39	0.39	0.39	0.39

Rent	2.88	3.17	3.48	3.83	4.22
selling & adm exp	0.98	1.63	2.26	2.58	2.92
TOTAL	6.63	7.65	8.60	9.30	10.07
NET PROFIT	1.69	3.06	4.78	6.95	9.33
Taxation				0.20	0.55
PROFIT (After Tax)	1.69	3.06	4.78	6.75	8.78

5.6 Production and Yield

<u>COMPUTATION OF PRODUCTION OF PASTA</u>		
Items to be Manufactured		
Pasta		
Machine Production capacity per Hour	50	KG
Working hours in a day	10	KG
Production Per Day	500	
No of Working Days in Month	25	
No of Working Days in a Year	300	
machine capacity per annum	150,000	KG

Production of Pasta		
Production	Capacity	KG
1st year	50%	75,000
2nd year	55%	82,500
3rd year	60%	90,000
4th year	65%	97,500
5th year	70%	105,000

Raw Material Cost			
Year	Capacity Utilization	Rate (per KG)	Amount (Rs. in lacs)
1st year	50%	25.00	18.75
2nd year	55%	26.00	21.45
3rd year	60%	27.00	24.30
4th year	65%	28.00	27.30
5th year	70%	29.00	30.45

5.7 Sales Revenue

<u>COMPUTATION OF SALE</u>					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock	-	5,000	5,500	6,000	6,500
Production	75,000	82,500	90,000	97,500	105,000
Less : Closing Stock	5,000	5,500	6,000	6,500	7,000
Net Sale	70,000	82,000	89,500	97,000	104,500
sale price per KG	50.00	53.00	56.00	59.00	62.00
Sales (in Lacs)	35.00	43.46	50.12	57.23	64.79

5.8 Working Capital Assessment

(in Lacs)					
COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
	1.91	2.20	2.47	2.75	3.05
<u>Raw Material</u>					
	1.56	1.79	2.03	2.28	2.54
Closing Stock	3.47	3.99	4.49	5.03	5.58

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					
(in Lacs)					
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	3.47				
Less : Creditors	0.94				
Paid stock	2.53	25%	0.63	75%	1.90
Sundry Debtors	2.33	25%	0.58	75%	1.75
	4.86		1.22		3.65
WORKING CAPITAL LIMIT DEMAND (from Bank)					
3.50					

5.9 Power, Salary & Wages Calculation

Utility Charges (per month)			
Particulars	value	Description	
Power connection required	7	KWH	
consumption per day	70	units	
Consumption per month	1,750	units	
Rate per Unit	10	Rs.	
power Bill per month	17,500	Rs.	

<u>BREAK UP OF LABOUR CHARGES</u>			
Particulars	Wages	No of	Total
	Rs. per Month	Employees	Salary
Skilled (in thousand rupees)	14,000	2	28,000
Unskilled (in thousand rupees)	9,000	2	18,000
Total salary per month			46,000
Total annual labour charges	(in lacs)		5.52

<u>BREAK UP OF Staff Salary CHARGES</u>			
Particulars	Salary	No of	Total
	Rs. per Month	Employees	Salary
helper	7,000	2	14,000
Total salary per month			14,000
Total annual Staff charges	(in lacs)		1.68

5.10 Depreciation

COMPUTATION OF DEPRECIATION			(in Lacs)
Description	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation	15.00%	10.00%	
Opening Balance	-	-	-
Addition	8.00	1.50	9.50
Total	8.00	1.50	9.50
Less : Depreciation	1.20	0.15	1.35
WDV at end of Year	6.80	1.35	8.15
Additions During The Year	-	-	-
Total	6.80	1.35	8.15
Less : Depreciation	1.02	0.14	1.16
WDV at end of Year	5.78	1.22	7.00
Additions During The Year	-	-	-
Total	5.78	1.22	7.00
Less : Depreciation	0.87	0.12	0.99
WDV at end of Year	4.91	1.09	6.01
Additions During The Year	-	-	-
Total	4.91	1.09	6.01
Less : Depreciation	0.74	0.11	0.85
WDV at end of Year	4.18	0.98	5.16
Additions During The Year	-	-	-
Total	4.18	0.98	5.16
Less : Depreciation	0.63	0.10	0.72
WDV at end of Year	3.55	0.89	4.44

5.11 Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	7.13	7.13	-	-	7.13
	2nd month	7.13	-	7.13	0.07	-	7.13
	3rd month	7.13	-	7.13	0.07	-	7.13
	4th month	7.13	-	7.13	0.07		7.13
	5th month	7.13	-	7.13	0.07		7.13
	6th month	7.13	-	7.13	0.07		7.13
	7th month	7.13	-	7.13	0.07	0.13	6.99
	8th month	6.99	-	6.99	0.06	0.13	6.86
	9th month	6.86	-	6.86	0.06	0.13	6.73
	10th month	6.73	-	6.73	0.06	0.13	6.60
	11th month	6.60	-	6.60	0.06	0.13	6.47
	12th month	6.47	-	6.47	0.06	0.13	6.33
					0.70	0.79	
2nd	Opening Balance						
	2nd month	6.20	-	6.20	0.06	0.13	6.07
	3rd month	6.07	-	6.07	0.06	0.13	5.94
	4th month	5.94	-	5.94	0.05	0.13	5.81
	5th month	5.81	-	5.81	0.05	0.13	5.67
	6th month	5.67	-	5.67	0.05	0.13	5.54
	7th month	5.54	-	5.54	0.05	0.13	5.41
	8th month	5.41	-	5.41	0.05	0.13	5.28
	9th month	5.28	-	5.28	0.05	0.13	5.15
	10th month	5.15	-	5.15	0.05	0.13	5.01
	11th month	5.01	-	5.01	0.05	0.13	4.88
	12th month	4.88	-	4.88	0.04	0.13	4.75
					0.62	1.58	
3rd	Opening Balance						
	1st month	4.75	-	4.75	0.04	0.13	4.62
	2nd month	4.62	-	4.62	0.04	0.13	4.49
	3rd month	4.49	-	4.49	0.04	0.13	4.35
	4th month	4.35	-	4.35	0.04	0.13	4.22

	5th month	4.22	-	4.22	0.04	0.13	4.09
	6th month	4.09	-	4.09	0.04	0.13	3.96
	7th month	3.96	-	3.96	0.04	0.13	3.83
	8th month	3.83	-	3.83	0.04	0.13	3.69
	9th month	3.69	-	3.69	0.03	0.13	3.56
	10th month	3.56	-	3.56	0.03	0.13	3.43
	11th month	3.43	-	3.43	0.03	0.13	3.30
	12th month	3.30	-	3.30	0.03	0.13	3.17
					0.44	1.58	
4th	Opening Balance						
	1st month	3.17	-	3.17	0.03	0.13	3.03
	2nd month	3.03	-	3.03	0.03	0.13	2.90
	3rd month	2.90	-	2.90	0.03	0.13	2.77
	4th month	2.77	-	2.77	0.03	0.13	2.64
	5th month	2.64	-	2.64	0.02	0.13	2.51
	6th month	2.51	-	2.51	0.02	0.13	2.37
	7th month	2.37	-	2.37	0.02	0.13	2.24
	8th month	2.24	-	2.24	0.02	0.13	2.11
	9th month	2.11	-	2.11	0.02	0.13	1.98
	10th month	1.98	-	1.98	0.02	0.13	1.85
	11th month	1.85	-	1.85	0.02	0.13	1.72
	12th month	1.72	-	1.72	0.02	0.13	1.58
					0.27	1.58	
5th	Opening Balance						
	1st month	1.58	-	1.58	0.01	0.13	1.45
	2nd month	1.45	-	1.45	0.01	0.13	1.32
	3rd month	1.32	-	1.32	0.01	0.13	1.19
	4th month	1.19	-	1.19	0.01	0.13	1.06
	5th month	1.06	-	1.06	0.01	0.13	0.92
	6th month	0.92	-	0.92	0.01	0.13	0.79
	7th month	0.79	-	0.79	0.01	0.13	0.66
	8th month	0.66	-	0.66	0.01	0.13	0.53
	9th month	0.53	-	0.53	0.00	0.13	0.40
	10th month	0.40	-	0.40	0.00	0.13	0.26
	11th month	0.26	-	0.26	0.00	0.13	0.13
	12th month	0.13	-	0.13	0.00	0.13	-
					0.09	1.58	
	DOOR TO DOOR	60		MONTHS			

MORATORIUM PERIOD	6	MONTHS
REPAYMENT PERIOD	54	MONTHS

5.12 Financial Indicators

FINANCIAL INDICATORS					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
TURNOVER	35.00	43.46	50.12	57.23	64.79
GROSS PROFIT	8.31	10.71	13.38	16.25	19.40
G.P. RATIO	23.75%	24.64%	26.70%	28.40%	29.94%
NET PROFIT	1.69	3.06	4.78	6.95	9.33
N.P. RATIO	4.82%	7.04%	9.54%	12.15%	14.40%
CURRENT ASSETS	6.85	7.81	9.28	10.10	11.37
CURRENT LIABILITIES	4.94	5.27	5.55	5.86	6.20
CURRENT RATIO	1.39	1.48	1.67	1.72	1.83
TERM LOAN	6.33	4.75	3.17	1.58	-
TOTAL NET WORTH	3.73	4.79	6.57	7.82	9.60
DEBT/EQUITY	1.70	0.99	0.48	0.20	-
TOTAL NET WORTH	3.73	4.79	6.57	7.82	9.60
TOTAL OUTSIDE LIABILITIES	11.27	10.02	8.71	7.44	6.20
TOL/TNW	3.02	2.09	1.33	0.95	0.65
PBDIT	4.12	5.22	6.60	8.45	10.53
INTEREST	1.09	1.00	0.83	0.65	0.48
INTEREST COVERAGE RATIO	3.80	5.21	7.97	12.94	21.97
WDV	8.15	7.00	6.01	5.16	4.44
TERM LOAN	6.33	4.75	3.17	1.58	-
FACR	1.29	1.47	1.90	3.26	-

5.13 DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	3.04	4.22	5.77	7.60	9.51
Interest on Term Loan	0.70	0.62	0.44	0.27	0.09
Total	3.74	4.83	6.21	7.86	9.60
<u>REPAYMENT</u>					
Instalment of Term Loan	0.79	1.58	1.58	1.58	1.58
Interest on Term Loan	0.70	0.62	0.44	0.27	0.09
Total	1.49	2.20	2.03	1.85	1.68
DEBT SERVICE COVERAGE RATIO	2.50	2.20	3.07	4.25	5.72
AVERAGE D.S.C.R.	3.55				

5.14 Break Even Point Analysis

BREAK EVEN POINT ANALYSIS					
Year	I	II	III	IV	V
Net Sales & Other Income	35.00	43.46	50.12	57.23	64.79
Less : Op. WIP Goods	-	1.91	2.20	2.47	2.75
Add : Cl. WIP Goods	1.91	2.20	2.47	2.75	3.05
Total Sales	36.91	43.76	50.38	57.51	65.08
Variable & Semi Variable Exp.					
Raw Material Consumed	18.75	21.45	24.30	27.30	30.45
Electricity Exp/Coal Consumption at 85%	1.79	2.05	2.36	2.71	2.99
Wages & Salary at 60%	4.32	4.75	5.23	5.75	6.32
Selling & administrative Expenses 80%	0.78	1.30	1.80	2.06	2.33
Interest on working Capital	0.385	0.385	0.385	0.385	0.385
Repair & maintenance	0.88	1.96	2.26	2.58	2.92
Total Variable & Semi Variable Exp	26.90	31.90	36.33	40.79	45.39
Contribution	10.01	11.86	14.05	16.73	19.69
Fixed & Semi Fixed Expenses					

Electricity Exp/Coal Consumption at 15%	0.32	0.36	0.42	0.48	0.53
Wages & Salary at 40%	2.88	3.17	3.48	3.83	4.22
Interest on Term Loan	0.70	0.62	0.44	0.27	0.09
Depreciation	1.35	1.16	0.99	0.85	0.72
Selling & administrative Expenses 20%	0.20	0.33	0.45	0.52	0.58
Rent	2.88	3.17	3.48	3.83	4.22
Total Fixed Expenses	8.32	8.80	9.27	9.78	10.36
Capacity Utilization	50%	55%	60%	65%	70%
OPERATING PROFIT	1.69	3.06	4.78	6.95	9.33
BREAK EVEN POINT	42%	41%	40%	38%	37%
BREAK EVEN SALES	30.69	32.46	33.23	33.61	34.25

6. LICENSE & APPROVALS

- Obtain the GST registration.
- Additionally, obtain the Udyog Aadhar registration Number.
- Fire/pollution license as required.
- Factory License
- FSSAI License.
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Implementation Schedule

S.N.	Activity	Time Required (in Months)
1	Acquisition Of premises	1-2
2	Procurement & installation of Plant & Machinery	1-2
3	Arrangement of Finance	1-2
4	Requirement of required Manpower	1
	Total time Required (some activities shall run concurrently)	3-4 Months

7. ASSUMPTIONS

1. Production Capacity of Pasta is 500 Kgs per day. First year, Capacity has been taken @ 60%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock is for 25 days and Finished goods Closing Stock has been taken for 20 days.
4. Credit period to Sundry Debtors has been given for 20 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act, 1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 7-8 KW.
10. Selling Prices & Raw material costing has been increased by 5% & 5% respectively in the subsequent years.

Limitations of the Model DPR and Guidelines for Entrepreneurs

Limitations of the Model DPR

- i. This model DPR has provided only the basic standard components and methodology to be adopted by an entrepreneur while submitting a proposal under the Formalization of Micro Food Processing Enterprises Scheme of MoFPI.
- ii. This is a model DPR made to provide general methodological structure not for specific entrepreneur/crops/location. Therefore, information on the entrepreneur, forms and structure (proprietorship/partnership/cooperative/ FPC/joint stock company) of his business, details of proposed DPR, project location, raw material base/contract sourcing, entrepreneurs own SWOT analysis, detailed market research, rationale of the project for specific location, community advantage/benefit from the project, employment generation and many more detailed aspects not included.
- iii. The present DPR is based on certain assumptions on cost, prices, interest, capacity utilization, output recovery rate and so on. However, these assumptions in reality may vary across places, markets and situations; thus the resultant calculations will also change accordingly.