

28 HERBAL HAIR OIL MANUFACTURING



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1. INTRODUCTION

Uttarakhand's herbal hair oil manufacturing enterprise can aim to harness the region's abundant natural resources and rich biodiversity to produce high-quality, eco-friendly personal care products. The abundant natural herbs available in the hills of Uttarakhand can meet the growing demand for herbal and chemical-free products nationally. The demand for herbal hair oils in India has grown significantly in recent years, driven by increasing consumer awareness about the harmful effects of chemical-based personal care products. Being an item of mass consumption and given the essentially simple nature of operations, a hair oil unit is an attractive project proposition for budding entrepreneurs. Ayurvedic hair oil consists of herbal extracts in the hair oil base, like bringaraj, amala, brahmi hair oil, etc.

With a rising preference for natural and organic ingredients, herbal hair oil, often free from harsh chemicals and made from traditional methods using beneficial herbs to fight hair fall and promote hair growth, has gained popularity among conscious consumers. This trend fuels the growing inclination towards wellness, environmental sustainability, and eco-friendly products. The expanding middle-class population and rising disposable incomes have also increased spending on premium and natural personal care items. The demand is exceptionally high in urban areas, with consumers opting for products that offer benefits such as skin nourishment, hair care, and therapeutic properties.

This venture can focus on manufacturing hair oils enriched with natural ingredients like essential oils, herbs, and plant extracts sourced sustainably from the local region of Uttarakhand. Utilizing advanced production techniques and adhering to strict quality standards, the unit will cater to health-conscious consumers in domestic and international markets. This initiative promotes the use of natural, skin-friendly products. It supports local farmers and communities by responsibly sourcing raw materials, fostering employment opportunities, and contributing to the region's economic development.

2. MARKET DEMAND AND TRENDS

The herbal hair oil market is witnessing significant growth globally and domestically, driven by increasing consumer preference for natural, traditional, chemical-free, and eco-friendly personal care products. This shift is fuelled by rising awareness of the adverse effects of synthetic ingredients and the growing emphasis on health, wellness, and sustainability. The major market trends are focussing on:

- **Rising Demand for Natural Products:** Consumers increasingly choose herbal and organic products over synthetic alternatives.
- **Growing Health and Wellness Consciousness:** With the rise in skin and hair-related concerns like allergies, hair fall, and sensitivity, there is a growing demand for herbal products that utilize ingredients such as aloe vera, neem, Tulsi, amla, shikakai, and essential oils and herbs, which offer therapeutic benefits.
- **Government Support and Initiatives:** The Indian government's push for herbal and Ayurvedic industries, including schemes like *Make in India* and support for MSMEs,

provides a conducive environment for growth in this sector. Uttarakhand, a hub of herbs and natural resources, is ideal for such ventures.

- **Market Segmentation Growth:** The herbal hair oil market is experiencing diversification, focusing on niche products such as anti-hair fall hair oil, anti-dandruff hair oil, anti-bacterial hair oil, smoothening hair oil, and products catering to hair types.

3. DESIRED QUALIFICATION FOR PROMOTER

The success of an herbal hair oil and conditioner manufacturing unit depends significantly on the capabilities and qualifications of its promoter(s). The following desired qualifications will help ensure effective management, growth, and sustainability of the business:

1. Educational Background:

- A degree in Pharmaceutical Sciences, Biotechnology, Chemistry, or Cosmetic Technology, with an understanding of product formulation, quality standards, and regulatory requirements.
- An MBA or Diploma in **Business Management**
- Knowledge of Ayurveda and Herbal Products
- Industry Experience

By possessing a combination of technical expertise, business management skills, and industry knowledge, the promoter can successfully establish and grow a competitive herbal hair oil manufacturing unit, tapping into the ever-expanding natural personal care market.

4. BUSINESS OUTLOOK AND OPPORTUNITIES

The herbal hair oil manufacturing business has a bright future as more people choose natural, traditional, and chemical-free personal care products. This growing demand is driven by rising awareness about health, wellness, and the benefits of herbal ingredients like neem, aloe vera, amla, Tulsi, etc.

Increasing Demand:

People today prefer herbal products because they are safe, skin-friendly, and better for health. This trend is growing in cities and even in rural areas.

Online Sales and Marketing:

E-commerce platforms and social media have made selling products across India and globally easier. Businesses can use digital marketing and online platforms to reach more customers.

Benefits to Farmers and Employment:

The business can help local farmers by buying herbs and plants from them, creating a steady income. It will also generate jobs for local people in production and marketing.

The herbal hair oil business is full of opportunities. With growing demand, government support, and the rise of online sales, it can become a successful and profitable venture. By offering quality products and focusing on eco-friendly practices, this business has a strong chance to grow in both Indian and international markets.

5. MARKET POTENTIAL AND MARKETING ISSUES

Market Potential:

While hair oils are used both by the male and female population, their use amongst females is comparatively more than with males. It may be conservatively assumed that about 80% of the female and 50% of the male population would use hair oils regularly. Taking the population of north India as 912 million, the population of males and females about 50% each, and considering the consumption of hair oils amongst males at 500 ml per year and amongst females at 1000 ml per year, the demand potential for hair oils in north India is estimated at million Liters per year. Brands of leading companies like Tatas, Dabur, and Hindustan Lever dominate the market for hair oils. Local hands can penetrate the market if they can sell at a significantly lower price. Although a few units produce herbal hair oil, their production is limited. Assuming that new tiny units can capture 10% of the existing market, the demand potential for tiny units is estimated at 3 million Liters per year, corresponding to about 5000 tons per year of hair oils. Considering the capacity of a typical tiny unit to be 30 tons, there is a scope for over 50 units to be set up in the region.

Marketing Issues:

While the market potential is strong, there are some challenges businesses might face when selling herbal hair oil and conditioners and hair oil and conditioners:

1. **Competition:**
The market already has many well-known herbal and natural brands. New businesses must work hard to stand out and build customer trust.
2. **Awareness:**
Some people are still unaware of the benefits of herbal hair oil. Effective marketing and education about the advantages of herbal products are needed to increase demand.

1. BUSINESS INPUTS AND MATERIAL REQUIREMENTS

To start an herbal hair oil manufacturing unit, you need specific inputs and materials to ensure smooth production and high-quality products. Below is a simple breakdown of what is required:

- **Herbs and Plant Extracts:** Neem, Aloe Vera, Tulsi, Shikakai, Hibiscus, and Amla for their natural benefits.
- **Essential Oils:** Lavender, Sandalwood, Tea Tree, Eucalyptus, and Lemon oils for fragrance and therapeutic properties.
- **Natural Oils and Fats:** Coconut oil, Sesame oil, olive oil, palm oil, and castor oil are used for hair oil base and hair nourishment.
- **Natural Additives:** Glycerin for moisturizing, clays, TA, DM Water, Aloe Gel, and honey for hair care.

Packaging Materials

Attractive and eco-friendly packaging helps build a strong brand image. Materials include:

a. Bottles and Containers

b. Labels and Tags

c. Cartons and Boxes

2. OPERATIONS AND EXECUTION PROCESS

The operations and execution process for manufacturing herbal hair oil involves several key steps, from sourcing raw materials to delivering the final product. Here's a simple breakdown of the entire process:

- **Sourcing Raw Materials:** The first step is sourcing high-quality herbal ingredients such as aloe vera, neem, Tulsi, hibiscus, and other natural plant extracts, which can be sourced locally within Uttarakhand's rich flora. Other materials like essential oils, coconut oil, olive oil, and herbal powders are sourced from certified suppliers.
- **Formulation and Research:** The next step is to create product formulations, ensuring the right combination of herbs, oils, and other ingredients for different skin and hair care benefits. Research and testing are conducted to ensure that the products meet quality standards and provide the desired therapeutic effects.
- **Hair oil Manufacturing Process:**

The process of herbal hair oil manufacturing involves the following steps:

- a) **Mixing:** In this step, all the ingredients, like base oil, herbal extract/oils, perfumes, and colors, are mixed in the desired proportions in a mixing tank using a slow-speed stirrer for 15-20 Minutes and then allowed to settle for two to three hrs.
 - b) **Filtration:** The oils are now filtered through the filter press
 - c) **Inspection/Testing:** Filtered oil is sent to the laboratory for necessary testing.
Bottling
 - d) **Labelling:** After passing through the required inspection, oil is now filled in cleaned and dried bottles in required volumes and then sealed and labeled.
- **Quality Control:** Throughout the production process, quality checks are conducted to ensure the consistency, texture, fragrance, and safety of the herbal hair oil. Testing for skin and hair compatibility, pH balance, and microbial contamination is also performed.
3. **Packaging:** After the products are manufactured, they are packaged in eco-friendly, attractive packaging that reflects the natural and organic qualities of the products. The packaging is designed to preserve the freshness of the herbal ingredients while being sustainable and appealing to consumers.

Raw materials should be sourced from reliable suppliers who can ensure quality and consistency. This step may involve building relationships with local farmers or trusted suppliers.

8. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed (Owner and Manager)	1	-	-	-
2	Un-Skilled Labour	2	12	0.08	1.92
3	Helper	1	12	0.06	0.72
4	Sales and Marketing Person	1	12	0.12	1.44
Total					4.08

9. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition Of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

10. COMPUTATION OF MANUFACTURING HERBAL OIL

Total No. of Workers	4
Working hours in a Day	6
Total working hours in a day	24
Total working days in a month	25
Total working hours in a month	600
Manufacturing Capacity per day (lt)	50
Maximum Production possible in a month	1250
Maximum Production possible in a year	15000

11. COMPUTATION OF RAW MATERIAL COST

Materials	Amount	Rate	Total
Coconut Oil	1000	300	300000
Castor Oil	300	500	150000
Essential Oil	50	800	40000
Herbal Extract	50		50000
Perfume and Colour	50		70000

Total Direct Material Cost per unit	610000
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10. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building (Rented)	0.12
3	Plant & Machinery	7.80
4	Equipment and Furniture Exp.	0.16
5	Misc. Fixed Asset	0.02
6	Preoperative & Preliminary Exp.	0.05
7	Working Capital	29.52
	Total Project Cost	37.67

11. MEANS OF FINANCE

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	15.16
2	Bank Finance	22.74
	Total	37.91

12. LIST OF MACHINERY AND EQUIPMENT

A. MACHINERY

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Mixing tank with stirrer capacity 50 kg	1	1.50	1.50
2	Bottle washing machine	1	0.75	0.75
3	Bottle drier	1	1.00	1.00
4	Filling machine	1	2.50	2.50
5	P.P. cap sealing machine	1	0.85	0.85
6	Filtering equipment	1	1.20	1.20
Total Amount				7.80

B. FURNITURE & EQUIPMENT

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
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1	Tools (Roasting Pan, Gas Stove, Induction, measuring spoon, pot etc.)	0	0.05	0.05
2	Furniture and Set Up (Work Table, Storage shelves, Packaging Station etc.)	0	0.00	0.06
3	Fixture (Light, Fan, Cabinets etc.)	-	0.00	0.03
4	Others (Labelling Equipment, Gloves, Masks, etc.)	-		0.02
Total Rs.				0.16

The availability of raw materials and equipment from local manufacturers is a promising advantage for the entrepreneur. Choosing the right mix of products and suitable machinery and tooling to facilitate modern and flexible processes is essential. Here are some of the suppliers of business equipment and raw materials an entrepreneur can consider:

1. Microtech Engineering

Snap Story, Block V, Krishan Vihar, Delhi, 110083

2. M/s Sara Udyog

Sector 10, Noida, Uttar Pradesh

3. Aroma Herbs: A well-known supplier in Dehradun that provides a wide range of herbal plants, essential oils, and Ayurvedic herbs. They cater to businesses involved in the herbal hair oil industry.

4. Himalayan Herbs Nursery: This nursery specializes in growing and supplying medicinal and aromatic plants that can be used in manufacturing herbal products like shampoo, conditioner, and oils.

Address: Sangam Vihar, Chitahuri, Saharanpur, Dehradun, Uttarakhand 24800

5. Dehradun Herbs: Known for offering various medicinal and cosmetic-grade herbs and flowers, which can be used in natural skincare and haircare products.

Address: Anurag Chowk, Kanwali Rd, Vasant Vihar, Balli Wala, Dehradun, Uttarakhand 248001

Besides these, online platforms such as India Mart, Trade Mart, Amazon, Flipkart, etc., can also be explored for online ordering.

14. SALES REALIZATION

Sr. No	Product	Sales in Percentage	INR
1	Herbal Hair Oil	25.0%	10800000
Total		100.00%	10800000

PROFITABILITY CALCULATION

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realisation	108.00
B.	Cost of production	
i)	Raw materials	50.20
ii)	Utilities	0.32
iii)	Manpower Cost (Salaries/wages)	8.28
iv)	Administrative expenses	0.31
v)	Packaging Cost	0.50
vi)	Material Lost Cost	0.10
vii)	Selling & distribution expenses	0.84
viii)	Repairs & maintenance	0.10
ix)	Rent	0.36
x)	Interest	2.24
xi)	Misc. expenses	0.00
	Total (B)	63.25
	Gross profit/loss (A – B)	44.75
	Less: Depreciation	0.80
C.	PBIT	43.95
D	Income-tax	-
E	Net profit/loss	43.95
F.	Repayment (Annual)	-1.81
G	Retained surplus (E-F)	45.76

15. BREAK-EVEN ANALYSIS

Fixed cost	
Land & Building Rent	0.36
Depriciation	0.80
Interest	2.24
Manpower	2.48
Total Fixed cost	5.88
Variable cost	
Raw materials	50.20
Utilities	0.32
ManPower	5.80
Administrative expenses	0.31
Selling & distribution expenses	0.84
Total Variable cost	57.47
Contribution margin	47%
Break-Even Point in Value	12.52

15. STATUTORY APPROVALS

1. **Factory License (Factories Act, 1948)**-This license is mandatory for any manufacturing facility with more than 10 workers using power or more than 20 workers without power. The application must be submitted to the **Labour Department** of Uttarakhand. It ensures that the factory meets safety, health, and labour standards.
2. **Uttarakhand Pollution Control Board (UKPCB) Approval**- Before starting operations, the unit must obtain **Consent to Establish (CTE)** and **Consent to Operate (CTO)** from the Uttarakhand Pollution Control Board. This ensures that the factory complies with environmental regulations, including waste management and emissions control.
3. **FSSAI Manufacturing License (Food Safety and Standards Authority of India)**- Since herbal hair oil and conditioners are considered cosmetic products, the **FSSAI license** is required for manufacturing personal care products in India. This approval ensures that the products meet health and safety standards.
4. **Cosmetic Manufacturing License (Drugs and Cosmetics Act, 1940)**-The herbal hair oil is classified as a cosmetic under the **Drugs and Cosmetics Act**. A manufacturing license from the **Central Drugs Standard Control Organization (CDSCO)** is necessary for the legal production of the product.
5. **GST Registration**: your turnover exceeds ₹40 lakh; you must obtain **GST registration** to legally manufacture and sell your herbal shampoo, conditioner, and conditioners. This registration is necessary to collect and remit Goods and Services Tax (GST) on sales and ensure compliance with tax laws.

These approvals are fundamental for legally establishing and operating a Uttarakhand herbal hair oil manufacturing unit.

16. TRAINING CENTERS AND COURSES

NATIONAL INSTITUTE OF AYURVEDA

National Institute of Ayurveda Jorawar Singh Gate, Amer Road
JAIPUR - 302002 (RAJ.) INDIA
Telephone: 91-141-2635816

ALL INDIA INSTITUTE OF AYURVEDA

All India Institute of Ayurveda Mathura Road,

Gautam puri Sarita Vihar, Delhi -110076

Phone no: 011-26950402/402

The Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

Entrepreneurship programs that help run businesses successfully are also available from institutes like the Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer

Only a few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.