

30 HERBAL SOAP MANUFACTURING



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1. INTRODUCTION

Uttarakhand's herbal soap 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 soaps in India has grown significantly in recent years, driven by increasing consumer awareness about the harmful effects of chemical-based personal care products. With a rising preference for natural and organic ingredients, herbal shampoos and conditioners, often free from harsh chemicals, have gained popularity among health-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 particularly high in urban areas, with consumers opting for products that offer skin nourishment, skincare, and therapeutic properties.

Around 50% of soaps produced are sold in rural markets. Increasing awareness of hygienic standards in rural areas provides several players with growth opportunities. Manufacturers are introducing soaps in different sizes and ranges, targeting consumers from low-income groups. Currently, around 5 Mn retail outlets in India sell soaps, out of which 3.75 Mn operate in rural areas.

Herbal soap is the fastest-growing category in India's soap market. Margo and Medimix dominate the herbal and medicinal soap segment. Government initiatives like the Swachh Bharat Mission, which promotes health and hygiene, have led to the growth of the soap manufacturing industry. During FY 2017, the United Arab Emirates (UAE), Nepal, and the United States of America (U.S.A.) were the top three export destinations of soaps.

This venture can focus on manufacturing soaps 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 market for herbal soap is witnessing significant growth globally and domestically, driven by increasing consumer preference for natural, 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 skin-related concerns like allergies, skin fall, and sensitivity, there is a growing demand for herbal products that utilize ingredients such as aloe vera, neem, Tulsi, and essential oils, 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 soap market is experiencing diversification, with a focus on niche products such as anti-skin fall soap and conditioners, anti-bacterial soap, skin-brightening soap and conditioners, and products catering to specific skin or skin types.

3. DESIRED QUALIFICATION FOR PROMOTER

The success of an herbal soap 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 soap manufacturing unit, tapping into the ever-expanding natural personal care market.

4. BUSINESS OUTLOOK AND OPPORTUNITIES

The herbal soap manufacturing business has a bright future as more people choose natural 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, and Tulsi.

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 soap and conditioner 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:

The market for herbal soap and conditioners and soap is growing rapidly, both in India and globally, due to the increasing demand for natural and chemical-free personal care products.

1. **Rising Demand:**
People are becoming more health-conscious and prefer herbal products made with ingredients like neem, aloe vera, and Tulsi.
2. **Growing Urban and Rural Markets:**
In cities, people are willing to pay more for herbal and eco-friendly products.
3. **E-commerce Growth:**
Online platforms like Amazon, Flipkart, and herbal specialty stores make it easier for businesses to reach a larger audience without investing heavily in physical stores.
4. **Tourism and Local Sales:**
Uttarakhand, being a popular tourist destination, has the potential to attract tourists interested in purchasing locally-made herbal products as gifts or souvenirs.

Marketing Issues:

While the market potential is strong, there are some challenges businesses might face when selling herbal soap:

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 soap. Effective marketing and education about the advantages of herbal products are needed to increase demand.

5. BUSINESS INPUTS AND MATERIAL REQUIREMENTS

To start an herbal soap 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.
- **Main Ingredients:** TALC Powder, Soap Noodles, DM Water, and Gel.
- **Natural Oils and Fats:** Coconut oil, olive oil, palm oil, and castor oil are used for soap and conditioner base and skin nourishment.
- **Natural Additives:** Glycerin for moisturizing, clays, SLES, TA, Aloe TALC Powder, Soap Noodle, Colour, perfume, and honey for skin care.

Packaging Materials

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

- a. **Silicone Soap Sleeves**
- b. **Biodegradable Kraft Paper**
- c. **Labels and Tags**
- d. **Cartons and Boxes**

6. OPERATIONS AND EXECUTION PROCESS

The operations and execution process for manufacturing herbal soap 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 skin care benefits. Research and testing are conducted to ensure that the products meet quality standards and provide the desired therapeutic effects.

Soap results from a full chemical reaction in which a section of an oil molecule (or fatty acid) attaches to a sodium ion. By choosing oils with specific molecular properties (in other words, choosing the right fatty acids) and blending them in the right proportions, we can create the results we want in our soaps – creamy, fluffy lather that’s extra moisturizing in a long-lasting bar.

- **Soap Production:** Natural surfactants and herbal extracts are blended with water and oils for soap. The mixture is emulsified, heated, and mixed to form a consistent soap base, which is then cooled, scented, and packaged.
- **Alternate Herbal Bath Soap Manufacturing Process:**
 - a. Put all the raw material into the cooking kettle.
 - b. After that, mix the mixture into the sigma mixer.
 - c. The next step is to extrude the material with the help of a plodder/ extruder.
 - d. Cut the final output into desired pieces.
 - e. Stamping on the face of the soap.
- **Quality Control:** Throughout the production process, quality checks are conducted to ensure the consistency, texture, fragrance, and safety of the herbal soap. Testing for skin and skin compatibility, pH balance, and microbial contamination is also performed.
- **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
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		(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)	7

10. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building (Rented)	0.12
3	Plant & Machinery	10.70
4	Equipment and Furniture Exp.	0.14
5	Misc. Fixed Asset	0.02
6	Preoperative & Preliminary Exp.	0.07
7	Working Capital	192.16
Total Project Cost		203.21

11. MEANS OF FINANCE

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	81.33
2	Bank Finance	121.99
Total		203.32

12. LIST OF MACHINERY AND EQUIPMENT

A. MACHINERY

Sr. No	Particulars	Unit	Price per Unit(Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Cooking kettle	1	4.50	4.50
2	Sigma mixer	1	1.00	1.00
3	Plodder/extruder	1	3.00	3.00
4	Cutter	1	0.40	0.40
5	Stamp & die		1.20	1.20

6	Packaging machine		0.30	0.60
Total Amount				10.70

B. FURNITURE & EQUIPMENT

Sr. No	Particulars	Unit	Price per Unit(Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Tools (Roasting Pan, Gas Stove, Induction, measuring spoon, pot etc.)	-	0.05	0.05
2	Furniture and Set Up (Work Table, Storage shelves, Packaging Station etc.)	-	0.00	0.06
3	Fixture (Light, Fan, Cabinets etc.)	-	0.00	0.01
4	Others (Labelling Equipment, Gloves, Masks, etc.)			0.02
Total Rs.				0.14

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

1. Micro tech Engineering

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

2. M/s Sara Udyog

Sector 10, Noida, Uttar Pradesh

3. **Aroma Herbals:** 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 soap industry.

4. **Himalayan Herbals 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 Herbals:** Known for offering various medicinal and cosmetic-grade herbs and flowers, which can be used in natural skincare and skincare products. Address: Anurag Chowk, Kanwali Rd, Vasant Vihar, Balli Wala, Dehradun, Uttarakhand 248001

6. Tanwar Chemicals:

Based in Faridabad, they provide DM water for various applications.

Address: Gurgaon, Haryana

Contact: +91 124 567 8901

7. Acme Industries

- a. Address: Khasra Number - 111, Raipur Industrial Area, Tehsil- Bhagwanpur, Near Roorkee, District - Haridwar, Uttarakhand 247661
- b. Contact: + 91 133 2235126

8. Maa Vaishnavi Talc Industries

- a. Address: D-Class Heragazar, P.O Arjunpur, Goraparao, Haldwani Nainital, Haldwani, Uttarakhand 263139
- b. Phone: 080 4837 2433

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

13. SALES REALIZATION AND PROFITABILITY

Sr. No	Product	INR
1	Herbal soap	65700000
Total		65700000

14. PROFITABILITY CALCULATIONS

The basis of profitability calculation:

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realisation	657.00
B.	Cost of production	
i)	Raw materials	350.00
ii)	Utilities	0.39
iii)	Manpower Cost (Salaries/wages)	8.28
iv)	Administrative expenses	0.18
v)	Packaging Cost	0.50
vi)	Material Lost Cost	0.10
vii)	Selling & distribution expenses	0.66
viii)	Repairs & maintenance	0.10
ix)	Rent	0.23
x)	Interest	20.60
xi)	Misc. expenses	0.00
	Total (B)	381.04
	Gross profit/loss (A – B)	275.96

	Less: Depreciation	1.09
C.	PBIT	274.87
D	Income-tax	-
E	Net profit/loss	274.87
F.	Repayment (Annual)	-20.18
G	Retained surplus (E-F)	295.05

15. BREAK-EVEN ANALYSIS

Fixed cost	
Land & Building Rent	0.23
Depriciation	1.09
Interest	20.60
Manpower	2.48
Total Fixed cost	24.40
Variable cost	
Raw materials	350.00
Utilities	0.39
ManPower	5.80
Administrative expenses	0.18
Selling & distribution expenses	0.66
Total Variable cost	357.03
Contribution margin	45%
Break-Even Point in Value	54.23

16. 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 the factory meets safety, health, and labor 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 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 soap is 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 soap 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 manufacture and sell your herbal soap. Shampoo and conditioner legally. 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 soap manufacturing unit.

17. TRAINING CENTERS AND COURSES

I. NATIONAL INSTITUTE OF AYURVEDA

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

II. 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.