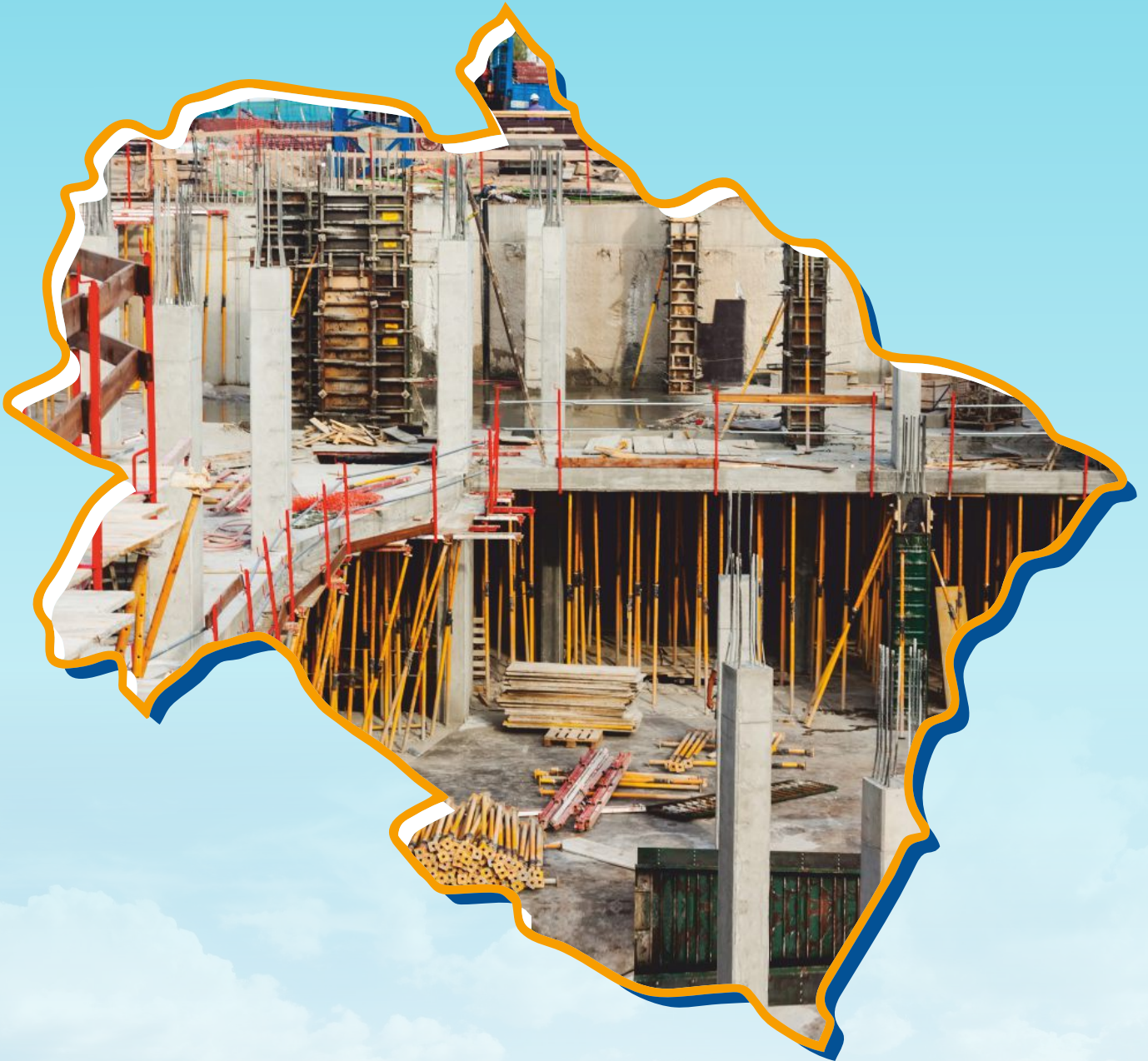


5 CONSTRUCTION MATERIALS TRADING



CONSTRUCTION MATERIALS TRADING

1. INTRODUCTION

Uttarakhand, encompassing a significant number of cities and urban areas, boasts six cities with a population exceeding one lakh, according to the 2011 Census. The government's focal points include the formulation of master plans for various cities, the establishment and construction of both greenfield and brownfield cities, the transformation of Haridwar into a tourist hub, the development of Rishikesh as a 'yog nagari' (yoga city), an integrated project for the advancement of Rishikesh, acquisition of land for a helipad in Haridwar, the construction of a metro rail system, improved operation of baseras (shelters for the urban poor), and the establishment of shelters for stray animals. This dynamic urbanization and development agenda create a thriving environment for businesses catering to the construction materials sector in Uttarakhand.

2. PRODUCT & ITS APPLICATION

The products in construction materials trading business encompass a wide array of essential items crucial for various construction projects. These include eco-friendly construction materials, Himalayan stone products, wood products from regional forests & bamboo construction materials, local traditional construction materials, earthquake-resistant construction materials & waterproofing solutions roofing materials, and more. These materials find applications in residential, commercial, and infrastructure projects, contributing to the foundation and aesthetics of buildings.

3. DESIRED QUALIFICATION FOR PROMOTER

A promoter in this business should have a sound understanding of the construction industry, knowledge of local market dynamics, and good negotiation skills. Business acumen, financial management skills, and the ability to build and maintain relationships with suppliers and clients are also crucial.

4. BUSINESS OUTLOOK AND TRENDS

The prospects for a construction materials trading business in Uttarakhand are propelled by factors like rapid urbanization, government initiatives, population growth, and the increased demand for housing. The region has been witnessing a shift from traditional materials like wood and rock to bricks and concrete for building construction. This transformation has heightened the need for construction materials in Uttarakhand. The state's emphasis on infrastructure development and its supportive policies contribute further to creating a favorable business environment.

5. KEY BUSINESS ELEMENTS

- **Diverse and High-Quality Product Portfolio:** Offering a diverse range of construction materials ensures that the business can cater to a wide spectrum of customer needs. Besides that, maintaining a commitment to quality control is vital. This involves rigorous inspection and testing of products to ensure they meet industry standards and customer expectations.
- **Timely Deliveries:** Timely deliveries are critical for customer satisfaction. Ensuring that products are dispatched and delivered promptly requires effective coordination in logistics, route optimization, and delivery scheduling.

- **Relationship Building:** Building strong relationships with construction firms, builders, and contractors involves ongoing communication, understanding their specific needs, and providing personalized service.

6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

Uttarakhand is experiencing significant urbanization, with a current urban population of approximately 35% expected to surpass 50% by 2050. The projected addition of over four million people to urban areas indicates a substantial demand for housing and infrastructure. Besides, the government initiatives focus on the development of master plans for various cities, the establishment of greenfield/brownfield cities, and the enhancement of existing urban areas. Understanding and aligning with these trends allows the business to position itself strategically, adapt to changing market dynamics, and capitalize on emerging opportunities in the construction sector.

7. SUPPLY OF BUSINESS INPUTS

Ensuring a consistent and reliable supply of construction materials is critical for the success of the business. Developing strong partnerships with reputable manufacturers and suppliers, coupled with a well-organized transportation network, is essential for the timely and efficient delivery of materials across Uttarakhand's diverse terrains.

8. BUSINESS PROCESS

- **Procurement:** The promoter is responsible for recognizing and building connections with dependable suppliers of construction materials. Orders should be initiated considering demand predictions and current inventory levels.
- **Receiving and Inspection:** Upon the arrival of incoming shipments of construction materials, thorough inspection and verification of both quality and quantity must be conducted.
- **Inventory Management:** The organization of construction materials within the warehouse, based on type and usage, is crucial for streamlined operations.
- **Product Categorization:** Construction materials should be logically grouped for easy accessibility and retrieval.
- **Sales and Customer Interaction:** Effective communication with contractors, builders, and customers is pivotal. Providing comprehensive product information, transparent pricing details, and prompt assistance are key elements in catering to customer needs.
- **Order Processing:** The efficient processing of customer orders is integral to the business. Accuracy in generating invoices, confirming orders, and coordinating with the warehouse for timely order fulfillment ensures smooth operations.
- **Delivery and Logistics:** This involves overseeing proper packaging, loading procedures, and providing customers with delivery schedules and tracking information.

9. 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	-	-	-	-
2	Store Manager	1	12	0.25	2.40
3	Delivery and Logistics Coordinator	2	12	0.12	2.40
4	Store Helper	5	12	0.15	7.20
	Total				12.00

10. 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

11. COST OF PROJECT

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building (<i>Rented</i>)	-
3	Machinery	-
4	Pre-operative and preliminary Exp.	0.12
5	Equipment and Furniture Exp.	9.08
6	Working Capital	3.74
	Total Project Cost	12.94

12. MEANS OF FINANCE

Bank-term loans are assumed @ 60 %

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	5.18
2	Bank Finance	7.76
	Total	12.94

13. FURNITURE AND FIXTURES

Sr. No	Particulars	Unit	Price per Unit (Rs. in lakhs)	Total Amount (Rs. in lakhs)
1	Vehicle	1	0.80	0.80
2	Computer	2	0.50	1.00
3	Storage Racks and Shelves	25	0.15	3.75
4	Display Cabinets	2	0.04	0.08
5	Material Handling Equipment	10	0.10	1.00

6	Measuring Tools	10	0.05	0.50
7	Office table & chair	5	0.25	1.25
8	Delivery and Loading Area	-	0.70	0.70
	Total			9.08

Local suppliers in India offer a wide range of furniture and fixtures. The entrepreneur can avail office furniture after thorough research and analysis. Below are the tentative suppliers in India. Besides these, online platforms such as India Mart, Trade Mart, etc. can also be explored for ordering online.

1. Sunshine Scientific Equipments

Office No. 303, Third Floor,
D-288-89/10 Wadhwa Complex,
Vikas Marg, Laxmi Nagar- 110092,
Delhi, India

2. Microtech Engineering

L-89, Krishan Vihar,
Near Bharat Shakti Public School- 110086,
New Delhi, India

3. Bharat Sales Service

Kh.No.145, Gali No-2,
Old Mustafabad, Near Tripal Factory,
Brijpuri- 110094,
New Delhi, India

14. FURNITURE AND FIXTURES

Sr. No	Product	Sales in Percentage
1	Eco-Friendly Construction Materials	10%
2	Himalayan Stone Products	30%
3	Wood Products from Regional Forests & Bamboo Construction Materials	30%
4	Local Traditional Construction Materials	20%
5	Earthquake-Resistant Construction Materials & Waterproofing Solutions	10%
	Total	100.00%

15. PROFITABILITY CALCULATIONS

The basis of profit calculation is:

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	42.75
B.	Cost of production	
i)	Raw materials	14.96
ii)	Utilities	0.70
iii)	Manpower Cost (Salaries/wages)	12.00
iv)	Administrative expenses	1.02

v)	Selling & distribution expenses	2.76
vii)	Rent	0.50
viii)	Interest	0.48
	Total (B)	32.42
	No of Unit production	1425
	Cost of Goods Sold per unit	0.02
	Gross profit/loss (A – B)	10.33
	Less: Depreciation	0.93
C.	PBIT	9.40
D.	Income-tax	0.94
E.	Net profit/loss	8.46
F.	Repayment (Annual)	2.27
G.	Retained surplus (E-F)	6.19

16. BREAKEVEN ANALYSIS

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	0.50
Depreciation	0.93
Interest	0.48
Manpower	3.60
Total Fixed cost	5.51
Variable cost	
Raw materials	14.96
Utilities	0.70
Manpower	8.40
Administrative expenses	1.02
Selling & distribution expenses	2.76
Total Variable cost	27.84
Contribution Margin	0.20
Break-Even Point in Value	27.56

17. STATUTORY/GOVERNMENT APPROVALS

The business needs to carry out general formalities pertaining to firm establishment; tax registration and shops/establishment registration. The fire safety clearance is the specific requirement. The following specific permits are required

1. Pollution Control Clearance from the state government board; National Green Tribunal in some cases.
2. Fire Safety Clearance is necessary fire safety equipment and obtaining clearance from the local fire department is mandatory.

18. TRAINING CENTERS AND COURSES

Training centers that offer professional training and certification in entrepreneurship and business management are as follows:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)

Regional Centre, Dehradun
NSTI Campus, Green Park, Dehradun-248001,
Uttarakhand, India

2. Indian Institute of Entrepreneurship (IIE)

NH-37 Bypass, Near Game Village,
Lalmati Guwahati- 781029,
Assam, India

3. Institute of Entrepreneurship Development (IEDUP)

A- 1 & 2, Industrial Area, Sarojini Nagar,
Kanpur Road, Lucknow-226008,
Uttar Pradesh, India

Besides, Swayam portal (link:<https://swayam.gov.in/>) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Disclaimer

Only 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.