

HANDCRAFTED JEWELLERY MAKING

UNIT

Introduction



Handicrafts is one of the most important sectors in the Indian economy employing more than seven million people. The country produces woodware, art metal wares, handprinted textiles, embroidered goods, Zari goods, imitation jewelry, sculptures, pottery, glassware, attars, Agarbattis, etc. The handicraft industry in India is dominated by female artisans with over 56% of the total artisans. The country has 744 handicraft clusters employing nearly 212,000 artisans and offering over 35,000 products. Surat, Bareilly, Varanasi, Agra, Hyderabad, Lucknow, Chennai, and Mumbai are among the major clusters. Most of the manufacturing units are in rural and small towns, and there is enormous market potential in all Indian cities and abroad. **Handcrafted jewelry** is a timeless art form that transcends cultural boundaries and epochs. Each piece is a unique creation, born from the imagination and skilled hands of artisans. From intricate metalwork to delicate beading, handcrafted jewelry reflects the passion and dedication of its creators. Whether it's a traditional design passed down through generations or a contemporary expression of personal style, handcrafted jewelry offers a touch of individuality and a connection to the human spirit.

Market Potential



The handicrafts market in India achieved a size of US\$ 4,277.5 million in 2023 and is projected to reach US\$ 7,817.8 million by 2032, with a compound annual growth rate (CAGR) of 6.9% during the period of 2023-2032, according to IMARC Group's forecasts. The market growth in India is driven by significant improvements in the accessibility of handicraft products on various online platforms. Additionally, the surge in travel and tourism within the country is driving a notable increase in the popularity of handicrafts. Tourists are increasingly investing in souvenirs and other crafted items, thereby creating opportunities for local artisans and craftsmen to develop and market their high-quality handicrafts efficiently.

The market for handcrafted jewellery is experiencing a significant surge, driven by a growing appreciation for unique, artisanal pieces. This trend is fuelled by several key factors:

Evolving Consumer Preferences: Consumers are increasingly seeking out unique, personalized items that reflect their individuality. Handcrafted jewelry, with its distinctive designs and meticulous craftsmanship, perfectly caters to this demand.

Rise of E-commerce: Online platforms have democratized access to handcrafted jewelry, connecting artisans with a global audience. This has expanded the market significantly, particularly for smaller businesses and independent creators.

Sustainability and Ethical Sourcing: Consumers are becoming more conscious of ethical and sustainable practices. Handcrafted jewelry often aligns with these values, as it is frequently made with locally sourced materials and produced in small batches, minimizing environmental impact.

Appreciation for Traditional Craftsmanship: There is a renewed interest in traditional crafts and techniques. Handcrafted jewelry, with its intricate details and historical significance, resonates with consumers who value heritage and authenticity.

Key Market Segments:

Ethnic and Cultural Jewellery: Jewellery inspired by traditional designs and cultural heritage continues to be a popular choice.

Minimalist and Modern Jewellery: Sleek, contemporary designs with clean lines and understated elegance appeal to a wide range of consumers.

Sustainable and Eco-Friendly Jewellery: Jewellery made with recycled materials, conflict-free gemstones, and ethical practices resonates with environmentally conscious consumers.

Personalized Jewellery: Customized pieces with engraved messages or initials offer a unique and sentimental value.

Opportunities for Growth:

Collaborations: Partnerships between artisans and designers can lead to innovative and exciting new collections.

Storytelling: Highlighting the stories behind handcrafted pieces can enhance their appeal and create a deeper connection with consumers.

Experiential Retail: Pop-up shops, workshops, and trunk shows provide opportunities for direct interaction with customers and showcase the artistry behind handcrafted jewellery.

Online Marketplaces: Leveraging online platforms to reach a wider audience and build a strong brand presence is crucial for success in the digital age.

By understanding these market trends and capitalizing on the opportunities, businesses in the handcrafted jewellery industry can thrive in this dynamic and ever-evolving market.

Raw Material Description

Handcrafted jewellery encompasses a vast array of materials, each contributing to the unique character and beauty of the final piece. Here are some of the most common raw materials used:

➤ **Metals:**

- **Precious Metals:** Gold, silver, and platinum are prized for their durability, luster, and timeless appeal.
- **Base Metals:** Copper, brass, and bronze offer a more affordable alternative while still providing a wide range of colors and textures.

➤ **Gemstones:**

- **Precious Stones:** Diamonds, rubies, sapphires, and emeralds are renowned for their rarity, brilliance, and hardness.
- **Semi-Precious Stones:** A diverse group including amethyst, turquoise, garnet, and opal, offering a wide range of colors and properties.

➤ **Other Materials:**

- **Beads:** Glass, crystal, ceramic, wood, and semi-precious stones are commonly used for beading and stringing.
- **Fabrics:** Silk, leather, and other textiles can be incorporated into jewelry for unique textures and patterns.
- **Natural Materials:** Shells, wood, feathers, and other natural elements add organic beauty and a connection to nature.
- **Found Objects:** Recycled materials, vintage components, and other unexpected items can be repurposed into stunning jewelry pieces.

The choice of raw materials depends on various factors, including the desired aesthetic, cultural influences, personal preferences, and budget constraints. Skilled artisans often combine multiple materials to create intricate and visually striking pieces.

Plant & Machinery Details



Before diving into the assembly process, let's familiarize ourselves with the key components of a solar water heater: the specific plant and machinery required for handcrafted jewellery making will depend on the type of jewellery being produced and the techniques employed. However, some common tools and equipment used in most jewellery workshops include:

Basic Tools:

- **Jeweler's Saw:** Used for cutting metal.
- **Files and Sandpaper:** For shaping and smoothing metal.
- **Pliers:** Various types for bending, twisting, and holding metal.
- **Hammer and Anvil:** For shaping and forming metal.
- **Soldering Iron and Torch:** For joining metal pieces.
- **Measuring Tools:** Calipers, rulers, and gauges for precise measurements.

Specialized Equipment:

- **Rolling Mill:** For flattening and shaping metal sheets.
- **Draw Bench:** For drawing wire from metal rods.
- **Casting Equipment:** For creating jewelry pieces from molten metal.
- **Polishing Wheel and Buffing Compounds:** For achieving a high shine.

- **Stone Setting Tools:** For securing gemstones into jewelry.

Additional Equipment (Depending on Specialization):

- **Laser Cutter:** For intricate cutting and engraving.
- **3D Printer:** For creating wax models for casting.
- **CAD/CAM Software:** For designing and manufacturing jewelry.
- **Workspace:**
 - A well-organized and equipped workspace is essential for efficient jewelry making. This may include:
 - **Workbenches:** For comfortable and stable working surfaces.
 - **Storage Units:** For organizing tools, materials, and finished products.
 - **Ventilation System:** For removing fumes and dust.

Note: The specific requirements for plant and machinery will vary depending on the scale of production, the type of jewellery being made, and the budget available. It's essential to carefully consider your needs and invest in high-quality tools that will last and enhance your craftsmanship.

Manufacturing Process

The process of creating handcrafted jewelry involves a series of steps that may vary depending on the specific techniques and materials used. However, a general overview of the process includes:

Design:

- The process begins with the creation of a design, which can be inspired by various sources such as nature, culture, or personal style.
- Designers may sketch their ideas, create 3D models, or use computer-aided design (CAD) software to visualize their creations.

Material Selection:

- Artisans carefully select the materials they will use, considering factors such as color, texture, durability, and availability.

- Common materials include precious metals (gold, silver, platinum), gemstones, beads, and other natural or found objects.

Fabrication:

- This is where the actual crafting of the jewelry takes place. Techniques may include:
 - Metalworking: Shaping, cutting, soldering, and polishing metal.
 - Stone Setting: Securing gemstones into the jewelry using various methods.
 - Beading and Stringing: Creating jewelry using beads, wire, and other components.
 - Casting: Creating jewelry pieces by pouring molten metal into molds.

Finishing:

- The final stage involves refining the jewelry piece to achieve the desired look and feel. This may include:
 - Polishing: Smoothing and shining the metal surface.
 - Plating: Applying a thin layer of another metal, such as rhodium or gold, for added durability and luster.
 - Engraving: Adding personalized inscriptions or designs.

Quality Control:

- A thorough inspection is conducted to ensure the quality and durability of the finished piece.

Packaging and Presentation:

- The jewelry is carefully packaged and presented for sale or gifting.

PROJECT AT A GLANCE - TOP SHEET

| | | | | |
|--------------|---|-------------------|---------------|---|
| 1 | Name of the Beneficiary | XXXXXX | | |
| 2 | Constitution(Legal Status) | Individual | | |
| 3 | Father/Spouse Name | XXXXXXX | | |
| 4 | Unit Address | XXXXXX | | |
| | | Taluk/Block: | XXXXXX | |
| | | District : | XXXXXX | |
| | | Pin: | XXXXXX | State: XXXXXX |
| | | E-Mail : | XXXXXX | |
| | | Mobile | XXXXXX | |
| 5 | Cost of Project | : | Rs. | 9.22 in Lakhs |
| (i) | Plant & Machinery | | | 6.00 in Lakhs |
| (ii) | Furniture & Fixtures | | | 1.00 in Lakhs |
| (iii) | Working Capital Required | | | 2.22 in Lakhs |
| 6 | Means of Finance | : | Rs. | |
| (i) | Term Loan | | | 6.30 in Lakhs |
| (ii) | Working Capital | | | 2.00 in Lakhs |
| (iii) | Own Capital | | | 0.92 in Lakhs |
| | | | | 9.22 in Lakhs |
| 7 | Debt Service Coverage Ratio | : | | 3.50 |
| 8 | Break Even Point | : | | 39.66% |
| 9 | Plant & Machinery | | | Basic Tools for Jewellery, Hand Tools, Stone Setting Equipment, Specialized Equipment, Additional equipment depending upon the : specialization |
| 10 | Major Raw materials | | | Precious Metals or Stones, Gemstones, Other material like Beads, : Fabrics, Natural material, Found objects etc. |
| 11 | Employment | : | | 8 |
| 12 | Power Requirement | : | | 4.00 |
| 13 | Name of the project / business activity | : | | Handcrafted Jewellery Making Unit |

PROJECTED CASH FLOW STATEMENT

| PARTICULARS | YEAR-I | YEAR-II | YEAR-III | YEAR-IV |
|-----------------------------------|---------------|----------------|-----------------|----------------|
| <u>SOURCES OF FUND</u> | | | | |
| Capital | 0.92 | - | - | - |
| Reserve & Surplus | 2.95 | 4.79 | 6.65 | 8.92 |
| Depriciation & Exp. W/off | 1.00 | 0.86 | 0.73 | 0.63 |
| Increase in Cash Credit | 2.00 | - | - | - |
| Increase In Term Loan | 6.30 | - | - | - |
| Increase in Creditors | 0.48 | 0.15 | 0.16 | 0.17 |
| Increase in Provisions | 0.50 | 0.03 | 0.03 | 0.03 |
| TOTAL : | 14.16 | 5.82 | 7.56 | 9.74 |
| <u>APPLICATION OF FUND</u> | | | | |
| Increase in Fixed Assets | 7.00 | - | - | - |
| Increase in Stock | 0.52 | 0.16 | 0.17 | 0.18 |
| Increase in Debtors | 2.90 | 1.04 | 1.08 | 1.20 |
| Repayment of Term Loan | 1.26 | 1.68 | 1.68 | 1.68 |
| Drawings | - | 2.00 | 4.00 | 6.00 |
| TOTAL : | 11.68 | 4.88 | 6.93 | 9.06 |
| Opening Cash & Bank Balance | - | 2.48 | 3.42 | 4.05 |
| Add : Surplus | 2.48 | 0.93 | 0.63 | 0.68 |
| Closing Cash & Bank Balance | 2.48 | 3.42 | 4.05 | 4.73 |

PROJECTED BALANCE SHEET

| PARTICULARS | YEAR-I | YEAR-II | YEAR-III | YEAR-IV |
|-----------------------------------|---------------|----------------|-----------------|----------------|
| <u>SOURCES OF FUND</u> | | | | |
| Capital Account | - | 3.88 | 6.66 | 9.31 |
| Add: Addition | 0.92 | | | |
| Add : Net Profit | 2.95 | 4.79 | 6.65 | 8.92 |
| | 3.88 | 8.66 | 13.31 | 18.23 |
| Less : Drawings | - | 2.00 | 4.00 | 6.00 |
| NET OWN FUNDS | 3.88 | 6.66 | 9.31 | 12.23 |
| Term Loan | 5.04 | 3.36 | 1.68 | - |
| Cash Credit | 2.00 | 2.00 | 2.00 | 2.00 |
| Sundry Creditors | 0.48 | 0.63 | 0.79 | 0.95 |
| Provisions & Other Liab | 0.50 | 0.53 | 0.55 | 0.58 |
| TOTAL : | 11.90 | 13.18 | 14.33 | 15.77 |
| <u>APPLICATION OF FUND</u> | | | | |
| Fixed Assets | 7.00 | 7.00 | 7.00 | 7.00 |
| Less : Depreciation | 1.00 | 1.86 | 2.59 | 3.21 |
| Net Fixed Assets | 6.00 | 5.15 | 4.41 | 3.79 |
| Current Assets | | | | |
| Sundry Debtors | 2.90 | 3.94 | 5.03 | 6.22 |
| Stock in Hand | 0.52 | 0.68 | 0.85 | 1.03 |
| Cash and Bank | 2.48 | 3.42 | 4.05 | 4.73 |
| TOTAL : | 11.90 | 13.18 | 14.33 | 15.77 |
| | - | - | - | - |

PROJECTED PROFITABILITY STATEMENT

| PARTICULARS | YEAR-I | YEAR-II | YEAR-III | YEAR-IV |
|---------------------------------|---------------|----------------|-----------------|----------------|
| Capacity Utilisation % | 50% | 55% | 60% | 65% |
| <u>SALES</u> | | | | |
| Gross Receipts/Sale | 29.00 | 39.44 | 50.25 | 62.23 |
| Total | 29.00 | 39.44 | 50.25 | 62.23 |
| COST OF SALES | | | | |
| Purchase & Consumables | 14.50 | 18.93 | 23.62 | 28.63 |
| Electricity Expenses | 2.90 | 3.94 | 5.03 | 6.22 |
| Other Direct Expenses | 1.74 | 2.37 | 3.02 | 3.73 |
| Cost of Production | 19.14 | 25.24 | 31.66 | 38.59 |
| Add: Opening Stock /WIP | - | 0.52 | 0.68 | 0.85 |
| Less: Closing Stock /WIP | 0.52 | 0.68 | 0.85 | 1.03 |
| Cost of Sales | 18.62 | 25.08 | 31.49 | 38.40 |
| GROSS PROFIT | 10.38 | 14.36 | 18.76 | 23.83 |
| | 35.78% | 36.40% | 37.34% | 38.29% |
| Salary to Staff | 4.35 | 4.79 | 5.26 | 5.79 |
| Selling & Adm Expenses Exp. | 1.16 | 3.16 | 5.53 | 8.09 |
| Depriciation | 1.00 | 0.86 | 0.73 | 0.63 |
| Interest on Term Loan | 0.69 | 0.55 | 0.37 | 0.18 |
| Interest on Working Capital | 0.22 | 0.22 | 0.22 | 0.22 |
| TOTAL (D+G) | 7.42 | 9.57 | 12.11 | 14.91 |
| NET PROFIT | 2.95 | 4.79 | 6.65 | 8.92 |
| | 10.19% | 12.14% | 13.23% | 14.33% |
| CASH ACCRUALS | 3.95 | 5.64 | 7.38 | 9.54 |

COMPUTATION OF PRODUCTION

| | |
|----------------------------------|--------------|
| Manufacturing Capacity per month | 500 pieces |
| No. of Working Hour | 10 |
| No of Working Days per month | 25 |
| No. of Months | 12 |
| Total Production Per Annum | 6,000 pieces |

| Year | Capacity Utilisation | Handcrafted Jewellery No. of Units |
|----------|----------------------|------------------------------------|
| YEAR-I | 50% | 3,000 |
| YEAR-II | 55% | 3,300 |
| YEAR-III | 60% | 3,600 |
| YEAR-IV | 65% | 3,900 |

COMPUTATION OF SALE

| Particulars | YEAR-I | YEAR-II | YEAR-III | YEAR-IV |
|---------------------------|--------------|--------------|--------------|--------------|
| Op Stock | - | 100 | 113 | 124 |
| Production | 3,000 | 3,300 | 3,600 | 3,900 |
| Less : Closing Stock | 3,000 | 3,400 | 3,713 | 4,024 |
| | 100 | 113 | 124 | 134 |
| Net Sale | 2,900 | 3,287 | 3,590 | 3,890 |
| Selling Price per Piece | 1,000.00 | 1,200.00 | 1,400.00 | 1,600.00 |
| Net Sale (in lacs) | 29.00 | 39.44 | 50.25 | 62.23 |

COMPUTATION OF DEPRECIATION

| Description | Plant/Machinery Equipments | Furniture | TOTAL |
|---------------------------|----------------------------|---------------|-------|
| Rate of Depreciation | 15.00% | 10.00% | |
| Opening Balance | - | - | - |
| Addition | 6.00 | 1.00 | 7.00 |
| | 6.00 | 1.00 | 7.00 |
| Less : Depreciation | 0.90 | 0.10 | 1.00 |
| WDV at end of Year-1 | 5.10 | 0.90 | 6.00 |
| Additions During The Year | - | - | - |
| | 5.10 | 0.90 | 6.00 |
| Less : Depreciation | 0.77 | 0.09 | 0.86 |
| WDV at end of Year II | 4.34 | 0.81 | 5.15 |
| Additions During The Year | - | - | - |
| | 4.34 | 0.81 | 5.15 |
| Less : Depreciation | 0.65 | 0.08 | 0.73 |
| WDV at end of Year III | 3.68 | 0.73 | 4.41 |
| Additions During The Year | - | - | - |
| | 3.68 | 0.73 | 4.41 |
| Less : Depreciation | 0.55 | 0.07 | 0.63 |
| WDV at end of Year IV | 3.13 | 0.66 | 3.79 |

TERM LOAN

| Year | Opening Balance | Repayment | Closing Balance | Interest @ 11% |
|------|-----------------|-----------|-----------------|----------------|
| 1st | 6.30 | 1.26 | 5.04 | 0.69 |
| 2nd | 5.04 | 1.68 | 3.36 | 0.55 |
| 3rd | 3.36 | 1.68 | 1.68 | 0.37 |
| 4th | 1.68 | 1.68 | 0.00 | 0.18 |

| BREAK EVEN POINT & RATIO ANALYSIS | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Particulars | 1st Year | 2nd Year | 3rd Year | 4th Year |
| Fixed Cost | 7.97 | 10.44 | 13.13 | 16.05 |
| Variable Cost | 18.59 | 24.37 | 30.64 | 37.45 |
| Total Cost | 26.56 | 34.81 | 43.77 | 53.50 |
| Sales | 29.00 | 39.44 | 50.25 | 62.23 |
| Contribution (Sales-VC) | 10.41 | 15.07 | 19.61 | 24.79 |
| Capacity Utilisation | 50% | 55% | 60% | 65% |
| B.E.P in % | 38.29% | 38.11% | 40.17% | 42.09% |
| Break Even Sales in Rs. | 11.10 | 15.03 | 20.19 | 26.19 |
| Net Profit Ratio | 10.19% | 12.14% | 13.23% | 14.33% |

| CALCULATION OF D.S.C.R | | | | |
|------------------------------------|---------------|----------------|-----------------|----------------|
| PARTICULARS | YEAR-I | YEAR-II | YEAR-III | YEAR-IV |
| CASH ACCRUALS | 3.95 | 5.64 | 7.38 | 9.54 |
| Interest on Term Loan | 0.69 | 0.55 | 0.37 | 0.18 |
| Total | 4.65 | 6.20 | 7.75 | 9.73 |
| REPAYMENT | | | | |
| Instalment of Term Loan | 1.26 | 1.68 | 1.68 | 1.68 |
| Interest on Term Loan | 0.69 | 0.55 | 0.37 | 0.18 |
| Total | 1.95 | 2.23 | 2.05 | 1.86 |
| DEBT SERVICE COVERAGE RATIO | 2.38 | 2.77 | 3.78 | 5.22 |
| AVERAGE D.S.C.R. | | | 3.50 | |