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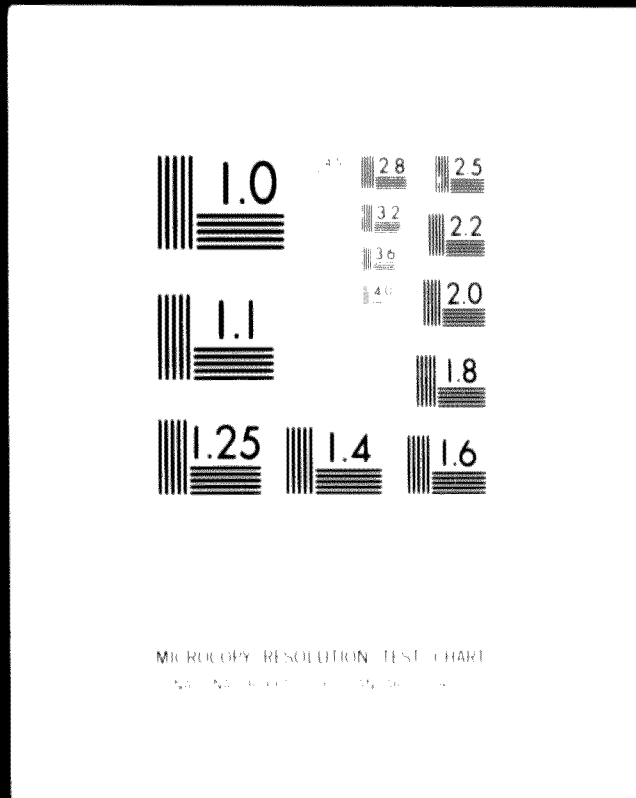
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PROJECT INFORMATION SHEET

United Nations Industrial Development Organization

IND-13-71

SECOND ASIAN MEETING TO
PROMOTE INDUSTRIAL PROJECTS^{1/}

SINGAPORE, 3-11 November 1971

GEAR CUTTING TOOLS

COUNTRY	India
PROJECT	Manufacture of various types of gear cutting tools Total investment: US \$1,800,500 Capacity: 6,000 pce. p.a. initially
FOREIGN CONTRIBUTION REQUIRED	- To be discussed



^{1/} Sponsored by: The Economic Commission for Asia and the Far East (ECAFE)
The United Nations Industrial Development Organization (UNIDO).

IMPORTANT NOTICE

The basic purpose of this meeting is to provide an Exchange or Market Place for the initiation of contacts on specific industrial projects between their proponents from the Asian countries and potential suppliers of capital, finance, equipment or know-how, as the case may be, from the industrialized countries.

This Project Information Sheet has been prepared as a basis for such contacts. Its purpose is not to present detailed information about the project but to provide the recipient with an outline sufficient to determine tentative interest in principle. Any further available information on the project will be furnished on request to interested parties at the Meeting.

Experience has shown that industrialists frequently prefer to carry out their own further investigations in detail into projects in which they are interested, but assistance from UNIDO in these matters can be rendered to the Asian country concerned on request.

This Information Sheet contains only the information supplied to UNIDO by the proponent of the Project. UNIDO can therefore take no responsibility for its accuracy.

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GEAR CUTTING TOOLS

I. INTRODUCTION

. The Project*

The project is intended for the manufacture of the various types of gear cutting tools. With the growth of the automotive industries, the potential for gear transmission units increases day by day. However, the essential tools to manufacture gears have all to be imported today since there is no established manufacture of repute of gear cutting tools in India at present.

The project has been drawn up to cater to the indiscriminate demand for various types of gear cutting tools. The manufacturing programme has been drawn up into 3 stages incorporating gradual increase of range and quantity.

. Main Components

Proposed plant capacity: The proposed plant capacity, as stated above, is to come to full capacity through 3 stages -

Stage 1. 6,000 pcs. of gear hobs annually, covering the size range of 0 to 6 module and corresponding dp sizes.

Stage 2. 8,000 pcs. of gear hobs per year incorporating the total range and various types of gear tooth forming cutters.

Stage 3. Gear shaping tools - 2,000 pcs. annually over and above the gear hobs stated above.

Location: The manufacturing facilities for gear cutting tools is proposed to be located in the premises of the proponent's existing new manufacturing unit at Boat Hard Road, Coal Bundar, Bombay - 10.

Total investment: The estimated total investment works out to around US \$ 1.5 million (i.e. Rs 12 million).

. Project Presented by

The project is presented by Anglo American Marine Co. Limited, Boat Hard Road, Coal Bundar, Bombay - 10.

. Foreign Contribution Required

To be negotiated.

* This project is presented as submitted by the proponent with a minimum of editing.

II. COMMERCIAL ASPECTS OF THE PROJECT

- Total Domestic Consumption

A market survey, carried out by the proponent, reveals that domestic consumption is around 30,000 gear hobs and 6,000 gear shaping tools per year, valued roughly at Rs 50,00,000.

- Present Sources of Supply

Local production: The local production is restricted to around 2,000 gear hobs per year. These gear hobs are mainly manufactured by local automobile manufacturers in their tool room as a stand-by against failure of supply by foreign suppliers. There is also an indigenous manufacturer, viz., Precision Tools and Accessories, located in Calcutta, which has facilities for manufacturing around 600 gear hobs annually.

Imports: The remaining indigenous requirements of gear cutting tools are met by imports.

- Project Consumption

The project envisages the manufacture of around 8,000 gear hobs and 2,000 gear shaping cutters per year and would, to an extent, off-set the present imports.

- Existing Production Facilities and Expansion Plans for Local Manufacturers Affecting the Project

As stated under Local Production (above), the existing production facilities cater to a negligible percentage of the total demand. This small production is mainly confined to tool room scale manufacture which means that this production would be replaced when supplies are made available on a commercial scale. The proponent, therefore, assumes that the existing production facilities would in no way affect the project.

- Prices of the Product (proposed prices in US \$)

<u>Module</u>	<u>Class D</u>	<u>Class C</u>	<u>Class B</u>	<u>Class A</u>
1	28	44	72	100
2	50	55	95	130
3	64	65	140	250
4	80	102	180	240
6	128	150	250	400
8	190	220	350	550
10	240	315	520	720

The imported prices vary with the country of origin and the local competition has no bearing on the pricing aspect.

III. PHYSICAL ASPECTS

- Size of Land and Buildings

The total floor space required has been estimated to be around 30,000 sq. ft.

- Availability of Labour

The availability of labour would not pose a problem insofar as the workmen for the special purpose machines would have to be trained by the proponent's engineering staff and for the conventional machines and other allied work, suitable operators and workmen are readily available.

- Type of Personnel/Labour

Wage Scale (US \$)

Supervisory staff	150 per month
Technical assistance	70 per month
Skilled workers	100 per month
Semi-skilled workers	60 per month
Unskilled workers	30 per month
Indirect labourers	40 per month

- Raw Materials

Location, distance from plant site: The raw materials would have to be imported (preferably) from West European countries until indigenous manufacture commences.

Types, grades, cost (US \$ f.o.b. plant site):

High speed steel landed cost US \$4.00 per kg.

High speed steel with 5% cobalt landed cost \$6.00 per kg.

- Locally Available Parts or Components of the Product

All indirect materials which would include different types of grinding wheels, lubricants, coolant, toolings, etc. are locally available.

- Infrastructure

The plant would be located in an extremely advantageous position since the city of Bombay offers all facilities from point of view of utilities, viz., transport connection (both railways and roadways), shipping arrangements and waste disposal facilities, etc.

- Utilities

The main source of energy would be electric power which is readily available in Bombay.

17. ECONOMIC ASPECTS

- Importance in Relation to the State and the Plant Targets

In view of the expansion of automotive industries and the increasing demand of gear transmission drive the manufacture of gear cutting tools fall under priority industry.

- Economic Motivation of the Project

The economic motivation of the project centres around an important need of the country today, i.e. import substitution.

- Incentives to be Granted for the Benefit of the Project

The incentives to be granted for the benefit of the project would be tax exemption for a limited period.

- Special Reasons why Projects Should Appeal to Foreign Investors

The reason why this project should appeal to a foreign investor is because this would be the first commercial manufacturing unit of gear cutting tools for which there is a demand far in excess of indigenous supplies.

V. FINANCIAL ASPECTS

- Composition of Investment (rough estimates in US \$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Pre-investment costs	14,500	-	14,500
Assets:			
Land, building and machinery	828,000	780,000	1,608,000
Estimated working capital	<u>260,000</u>	<u>-</u>	<u>260,000</u>
Total	1,102,500	780,000	1,882,500

- Proposed Financing Plan (rough estimates in US \$)

	<u>Local Cost</u>	<u>Foreign Exchange</u>	<u>Total</u>
Equity	934,000	-	934,000
Loan capital	154,000	780,000	934,000
Suppliers credit	-	-	-
Back plough	<u>14,500</u>	<u>-</u>	<u>14,500</u>
Total	1,102,500	780,000	1,882,500

VI. ADDITIONAL RELEVANT INFORMATION

. Proposed Legal Structure

This is a public limited company subsidiary (90%) to Steel and Allied Products Limited, the well-known manufacturer of all types of cutting tools and saws.

. Documentation

A detailed Project Report covering all aspects is available.



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