

Multi-purpose Computer Centre For IT Enabled Services/Cyber Cafe

PRODUCT CODE (ASICC)	: 97715
QUALITY AND STANDARDS	: N.A.
PRODUCTION CAPACITY	: DTP Work Value: Rs. 4,80,000 Awareness/training programmes Value: Rs. 6,00,000 IT enabled services Value: Rs. 3,24,000 Total Value: Rs. 14,04,000
YEAR OF PREPARATION	: 2002-2003
PREPARED AND UPDATED BY	: Small Industries Service Institute Sadan, College Square, Cuttack And Office of the Development Commissioner Small Scale Industries, Electronics and Electrical Division 7th Floor, Nirman Bhavan, New Delhi – 110 011.

INTRODUCTION

Computers have changed complete global scenario of work and business. Today computers are widely used in each and every aspect of life. Apart from data processing, training and educational purpose computers have wide ranging commercial use coupled with internet. Through internet many commercial activities such as e-mail, browsing, web browsing, e-commerce are possible. Personal computer is still out of reach of a common man in our country due to high cost. In such a situation cyber cafes or multipurpose computer centres have recognized the need for the need of connectivity and are offering various packages at

affordable prices. Apart from the IT enabled services the project also envisages the use of computer centre for other computer related activities such as data processing job and training activities for getting special customers. In general low startup cost, quick returns is the big attraction of the project.

MARKET POTENTIAL

The services sector is the fastest growing sector with an annual growth rate of eight percent mostly aided by the information technology revolution. IT enabled services has become one of the most significant industries in the world and it has tremendous potential of growth since the information is the key

to decision making. Similarly the IT industry which is already growing at a rapid pace is likely to employ around 70 lakh persons by 2008 with the projected earning of \$ 87 billion. As such the computer training is the key factor for new required manpower. Cyber café are therefore increasingly becoming popular day-by-day as new internet users are multiplying proportionately.

BASIS AND PRESUMPTIONS

- i) The basis for calculation of production capacity has been taken on single shift basis on 75% efficiency.
- ii) The maximum capacity utilization on single shift basis for 300 days a year during first year and 2nd year of operations is 60% and 80% respectively. The unit is expected to achieve full capacity utilization from the 3rd year onwards.
- iii) The salaries and wages, cost of raw materials, utilities, rents, etc. are based on the prevailing rates in and around Cuttack. These cost factors are likely to vary with time and location.
- iv) Interest on term loan and working capital loan has been taken at the rate of 16% on an average. This rate may vary depending upon the policy of the financial institutions/agencies from time to time.
- v) The cost of machinery and equipments refer to a particular make/model and prices are approximate.
- vi) The break-even point percentage indicated is of full capacity utilization.
- vii) The project preparation cost etc. whenever required could be considered under pre-operative expenses.
- viii) The essential production machinery and test equipment required for the project have been indicated. The unit may also utilize common test facilities available at Electronics Test and Development Centres (ETDCs) and Electronic Regional Test Laboratories (ERTLs) set up by the State Governments and STQC Directorate of the Department of Information Technology, Ministry of Communication and Information Technology, to manufacture products conforming to Bureau of Indian Standards.

IMPLEMENTATION SCHEDULE

The major activities in the implementation of the project has been listed and the average time for implementation of the project is estimated at 12 months:

Sl. No.	Name of Activity	Period in Months (Estimated)
1.	Preparation of project report	1
2.	Registration and other formalities	1
3.	Sanction of loan by financial institutions	3
4.	Plant and Machinery:	
	(a) Placement of orders	1
	(b) Procurement	2
	(c) Power connection/ Electrification	2
	(d) Installation/Erection of machinery/Test Equipment	2
5.	Procurement of raw materials	2

Sl. No.	Name of Activity	Period in Months (Estimated)
6.	Recruitment of Technical Personnel etc.	2
7.	Trial production	11
8.	Commercial production	12

Notes

1. Many of the above activities shall be initiated concurrently.
2. Procurement of raw materials commences from the 8th month onwards.
3. When imported plant and machinery are required, the implementation period of project may vary from 12 months to 15 months.

TECHNICAL ASPECTS

Process of Manufacture

The hardware consists of the monitor, central processing unit, modem, hub, mouse, speakers and some other networking components. The software required covers a wide range right from the essential MS office set up to page maker and photo shop programme which enable to store photographs and graphics some of the most basic programme need Internet explorer, Netscape, Navigation, Internet navigation programme, Eudora Microsoft, Outlook express, msn messenger etc.

The activities of the cyber café are as under:

1. DTP activities such as designing and producing printed matters.
2. Computer awareness courses like window operation, internet, page maker, Microsoft excel etc. for Govt. employees, kids and other candidates.

3. Short term certificate courses such as compute fundamental, MS office, MS Dos, MS Window, Word Star, Internet, Web Designing etc.
4. IT enabled services which use the internet such as browsing, e-mail typing and sending, receiving, e-chatting, faxing and e-commerce and other e-activities.

Production Capacity (per annum)

Revenue	(Rs.)
DTP Work	4,80,000
Awareness/training programmes	6,00,000
IT enabled services	3,24,000
Total	14,04,000

Quality Control and Standards

As per customers specification

Motive Power 10 KVA.

Pollution Control

The Govt. accords utmost importance to control environmental pollution. The small-scale entrepreneurs should have an environmental friendly attitude and adopt pollution control measures by process modification and technology substitution.

India having acceded to the Montreal Protocol in Sept. 1992, the production and use of Ozone Depleting Substances (ODS) like Chlorofluoro Carbon (CFC), Carbon Tetrachloride, Halons and Methyl Chloroform etc. need to be phased out immediately with alternative chemicals/solvents. A notification for detailed Rules to regulate ODS phase out under the Environment Protection Act, 1986 have been put in place with effect from 19th July 2000.

The following steps are suggested which may help to control pollution in electronics industry wherever applicable:

- i) In electronic industry fumes and gases are released during hand soldering/wave soldering/Dip soldering, which are harmful to people as well as environment and the end products. Alternate technologies may be used to phase out the existing polluting technologies. Numerous new fluxes have been developed containing 2-10% solids as opposed to the traditional 15-35% solids.
- ii) Electronic industry uses CFC, Carbon Tetrachloride and Methyl Chloroform for cleaning of printed circuit boards after assembly to remove flux residues left after soldering, and various kinds of foams for packaging.

Many alternative solvents could replace CFC-113 and Methyl Chloroform in electronics cleaning. Other Chlorinated solvents such as Trichloroethylene, Perchloroethylene and Methylene Chloride have been used as effective cleaners in electronics industry for many years. Other organic solvents such as Ketones and Alcohols are effective in removing both solder fluxes and many polar contaminants.

Energy Conservation

With the growing energy needs and shortage coupled with rising energy cost, a greater thrust in energy efficiency in industrial sector has been given by the Govt. of India since 1980s. The Energy Conservation Act, 2001 has been enacted on 18th August'2001,

which provides for efficient use of energy, its conservation and capacity building of Bureau of Energy Efficiency created under the Act.

The following steps may help for conservation of electrical energy:

- i) Adoption of energy conserving technologies, production aids and testing facilities.
- ii) Efficient management of process/manufacturing machineries and systems, QC and testing equipments for yielding maximum Energy Conservation.
- iii) Optimum use of electrical energy for heating during soldering process can be obtained by using efficient temperature controlled soldering and desoldering stations.
- iv) Periodical maintenance of motors, compressors etc.
- v) Use of power factor correction capacitors. Proper selection and layout of lighting system; timely switching on-off of the lights; use of compact fluorescent lamps wherever possible etc.

FINANCIAL ASPECTS

A. Fixed Capital

(i) Land and Building

100 sq. mtr. (Built up area) on rental basis @ Rs. 6,000 per month or Rs. 72,000 per annum

(ii) Machinery and Equipments

Sl. No.	Description	Qty.	Total (Rs.)
1.	Computer – Pentium IV. Intel IV 1.7/1.8/1.9 GHz and above, 256 Cache/128 DDR RAM/ Intel 845 Chipset based Motherboard/ AGP 4 X32 MB Graphics/40 GB HDD	10 Nos. @ Rs. 35,000 per set	3,50,000

Sl. No.	Description	Qty.	Total (Rs.)
	/1.44 MB FDD/52 X CD ROM with Multi Media Kit with Speakers/Scroll Mouse/Multi-Media 107 keys key board/ 15" VGA Colored Monitor (Digital) and Internal 56.6 KBPS Modem, 10/100 Mbps Ethernet Card, Mini Tower Cabinet/ 2 Serial, 2 USB, 1 Parallel, 1 PS/2 Mouse Parts with Preloaded Software- Window 2000/XP Home and Anti virus.		
2.	Networking components	LS	20,000
3.	Other Hardware and Cards	LS	15,000
4.	Cable, Modem and Internet Connection	LS	20,000
5.	Scanner	1	15,000
6.	Laser Printer	2 @ 15,000	30,000
7.	CD Printer	1	7,000
8.	UPS (500 VA/600 VA)	11 @ 3,000	33,000
	Total		4,90,000
9.	Electrification and installation charge @ 10% of the total cost of machinery and test equipment		49,000
10.	Office furniture and equipment:		
a)	Chairs (Revolving)	20	40,000
b)	Chairs moulded	20	6,000
c)	Tables and Desk and Recks	15	30,000
d)	Air Conditioner (1 tonne each)	3 @ 20,000	60,000
e)	Phone connection and instruments with EPBAX	2 connections and 5 instruments	10,000
f)	Other Misc. Expenses	instruments	15,000
	Total		1,61,000
	Total Fixed Capital		7,00,000

B. Working Capital (per month)

(i) Staff and Labour

Sl. No.	Designation	No	Salary/ month (Rs.)	Total (Rs.)
1.	Manager (Hardware/ software engineer)	1	6,000	6,000
2.	Programmers/Faculty	2	4,000	8,000
3.	DTP Operator	1	4,000	4,000
4.	Peon/Watchman	2	2,000	4,000
	Total			22,000
	<i>Perquisite @ 15% of salary</i>			3,300
	Total			25,300

(ii) Raw Materials (per month) (Rs.)

1.	Computer consumables	LS	10,000
2.	Computer stationery	LS	5,000
3.	Initial charges for Internet connection	LS	1,000
4.	Telephone bills per month		4,000
	Total		20,000

(iii) Utilities (per month) (Rs.)

1.	Electricity		5,000
2.	Water charges		200
	Total		5,200

(iv) Other Contingent Expenses (per month) (Rs.)

1.	Rent		6,000
2.	Postage and stationery		2,000
3.	Telephone (Normal use)		3,000
4.	Repair and Maintenance		2,000
5.	Transport charges		1,000
6.	Insurance		1,000
7.	Misc. and other expenses (Like advertisements and hiring faculty from time to time)		5,000
	Total		20,000

(v) Total Recurring Expenditure (per month) (i+ii+iii+iv) Rs. 70,500

C. Total Capital Investment

a)	Fixed Capital	Rs. 7,00,000
b)	Working Capital (3 months)	Rs. 2,11,500
	Total	Rs. 9,11,500

FINANCIAL ANALYSIS

(1) Cost of Production (per annum)

Sl. Description No.	Amount (Rs.)
1. Total recurring cost per year	8,46,000
2. Internet charges to ISP	60,000
3. Depreciation on machinery and equipment @ 10%	49,000
4. Depreciation on furniture and office equipment @ 20%	32,200
5. Interest on total investment@ 16%	1,45,800
Total	11,33,000

(2) Turnover (per year)

Sl. Description No.	Rate (Rs.)	Revenue (Rs.)
1. DTP Work	48000 Nos. jobs @ Rs. 10 per job	4,80,000
2. Awareness/ training programmes	50,000 per month	6,00,000
3. IT enabled services	@ Rs 30 hour engaging 6 computers	3,24,000
Total		14,04,000

(3) Net Profit (per year)

$$\begin{aligned}
 &= \text{Turnover} - \text{Total cost of production} \\
 &= \text{Rs. } 14,04,000 - 11,33,000 \\
 &= \text{Rs. } 2,71,000
 \end{aligned}$$

(4) Net Profit Ratio

$$\begin{aligned}
 &= \frac{\text{Profit (per annum)} \times 100}{\text{Sales (per annum)}} \\
 &= \frac{2,71,000 \times 100}{14,04,000} \\
 &= 19.30\%
 \end{aligned}$$

(5) Rate of Return

$$\begin{aligned}
 &= \frac{\text{Profit per annum} \times 100}{\text{Total capital investment}} \\
 &= \frac{2,71,000 \times 100}{9,11,500} \\
 &= 29.73\%
 \end{aligned}$$

(6) Break-even Point

Fixed Cost (per annum)	(Rs.)
Depreciation on machinery and equipment	49,000
Depreciation on furniture	32,200
Rent	72,000
Insurance	12,000
Interest on total investment	1,45,800
40% of salary and wages	1,21,440
40% of other contingent expenses and utilities (excluding rent and insurance)	87,360
Total Fixed Cost	5,19,800

B.E.P.

$$\begin{aligned}
 &= \frac{\text{Total Fixed Cost} \times 100}{\text{Total Fixed Cost} + \text{Profit}} \\
 &= \frac{5,19,800 \times 100}{5,19,800 + 2,71,000} \\
 &= 65.73\%
 \end{aligned}$$

Additional Information

- (a) The Project Profile may be modified/tailored to suit the individual entrepreneurship qualities/capacity, production programme and also to suit the locational characteristics, wherever applicable.
- (b) The Electronics Technology is undergoing rapid strides of change and there is need for regular monitoring of the national and international technology scenario. The unit may, therefore, keep abreast with the new technologies in order to keep them in pace with the developments for global competition.
- (c) Quality today is not only confined to the product or service alone. It also extends to the process and environment in which they are generated. The ISO 9000 defines

standards for Quality Management Systems and ISO 14001 defines standards for Environmental Management System for acceptability at international level. The unit may therefore adopt these standards for global competition.

- (d) The margin money recommended is 25% of the working capital requirement at an average. However, the percentage of margin money may vary as per bank's discretion.

Addresses of Machinery Suppliers

1. M/s. Blaze Communication Pvt. Ltd.
Rasulgarh,
Bhubaneswar – 10
2. M/s. Impact Telecom and Electrical
Hq. Bear Fire Station,
Buxibazar,
Cuttack – 1.
3. M/s. Zenith Computers
29 MIDC, Central Road,
Andheri (East),
Mumbai – 93.
4. M/s. Medura Computers
27, Visar Shopping Centre,
Opp. Shopperstop,
Andheri (West),
Mumbai
5. M/s. Epson India
30, Prestige Residians,

129, MG Road,
Berhampur

6. M/s. Wipro Ltd.
NH – 5,
Bhubaneswar
7. M/s. Apcon Computer
79, Chambers Road,
Chennai

Electrical Items

1. M/s. Alfa Electricals Co. Ltd.
Industrial Estate,
Cuttack
2. M/s. Manisha Engineering
Mancheswar I. E.,
Bhubaneswar
3. M/s. Voltage
Kidderpore Industrial Estate
Vshur Bridge,
5, Hide Road, East,
Kolkata
4. M/s. Blue Bird, Industrial Estate
Plot No. 64/1,
Kalunga,
Rourkela – 770 031

Computer Consumables and Stores

1. Local Market
2. M/s. Emm Kay Papers Pvt. Ltd.
Mancheswar I.E.,
Bhubaneswar
3. M/s. Paper Palace
Bazrakabati Road,
Cuttack.