CYCLE SALE AND REPAIR SHOP

1. Introduction

The project is to set up a cycle repair shop primarily for the purpose of sale of new cycles repair and maintenance, servicing old cycles, sale and fitment of spare parts in cycles as per customer demand. As such, while selecting the site, it is to be seen that the shop is large enough, located on the roadside and at a place where there is maximum movement of cycles on road. Since technicalities involved in repair of cycles do not require much of skill, anybody can enter into this activity with some on-the-job training in similar shop and subsequently, refining knowledge through day-to-day experience. Selection of site, completing setting-up formalities, arranging necessary infrastructure, gathering initial market recognition etc. will take about five months time to start full fledged activities.

2. Market potential

With the increase in population, there is continuous demand for arrangement of easy means of personal transport for commuters. Out of all the means presently available, bicycle is considered to be the cheapest and most convenient. Due to high prices of automobiles and fuel scarcity, problems of environmental pollution etc. people in rural as well as urban areas are taking to bicycles for their daily travel. The prospect of cycle repair shop is, therefore, very bright.

Repair/maintenance of cycles, and their spare parts in the same shop selling/ hiring cycles helps attracting maximum number of customers in cycle related services. The shop owner should have the foresight of market trend and adjust the rates / range of cycles etc. as per market trend.

3. Technical details

(a) Shop activities

The activity involves repair and maintenance of cycles, sale of new cycles and spare parts. Therefore, the practical works involved in this activity need some knowledge and experience of assembling and dismantling of cycles for the workers handling the jobs in the shop. The workers should also be capable of repair of leaks/ punctures of the tubes and know the

method of repair/ salvaging of tyres and other items. The name, brand, sizes and prices etc. of each of the spare parts should also be known to all associated in the shop.

The shop owner should be in a position to suggest better options to customers regarding repair, maintenance and replacement of parts in okaying the old cycles. He may help the customers in taking buying decisions by providing information about the prices, incentive schemes etc of different brand of cycles and also the present trend of choices of customers.

(b) Turnover (per annum)

S. No.	Items	Amount (in Rs.)
1.	Sale of 300 new cycles @ Rs.2,000/- per cycle on an average	6,00,000.00
2.	Sale of spare parts and accessories (assorted items and quantity)	80,000.00
3.	Repair work	70,000.00
	TOTAL	**7,50,000.00**

(c) Utilities (per month)

1.	Power	1KW
2.	Water	200 liters

4. Details of new bicycles:

S. No.	Item	Qty. (Nos.)	Rate (Rs.)	Value (Rs.)
1.	New Cycles	25	1,700.00	42,500.00
			TOTAL	**42,500.00**

5. Cost of project

S. No.	Items	Total cost (in Rs.)
1.	Building/ Shop	On Rent
2.	Cost of new bicycles	42,500.00
3.	Misc. fixed assets (hand tools, fixtures etc.)	10,000.00
4.	Furniture & fixtures	10,000.00
5.	Preliminary & pre-operative expenses	5,000.00
6.	Contingencies including cost escalation	5,000.00
7.	Working capital	22,500.00
	TOTAL	**95,000.00**

6. Means of finance

S. No.	Particulars	Total cost (in Rs.)	%age
1.	Promoter's contribution	-	-
2.	M.M.L. - SCA	11,000.00	11.58
3.	NSTFDC – Term Loan	84,000.00	88.42
	TOTAL	**95,000.00**	**100.00**

Note: The State Channelising Agencies shall arrange to provide subsidy to beneficiary(ies) as per norms of their Corporation. Further, SCAs may also make efforts to avail incentive/subsidy from other centrally sponsored schemes.

7. Utilities

S. No.	Particulars	Amount (in Rs.)
1.	Power Electricity (1KW X 8 hrs X 25 days X 12 Mox Rs.4 per KWH)	9,600.00
2.	Water (200 litres X 12 Mox Re. 1 per litre)	2,400.00
	TOTAL	**12,000.00**

8. Raw material requirements (including consumables/ month)

S. No.	Items	Qty.	Rate (Rs.)	Value (Rs.)
1.	Cycle Spare parts	LS	LS	8,000.00
2.	Consumables (Kerosene oil, lubricating oil, Grease, rubber solution, cloth waste, cotton waste, emery paper etc.)	LS	LS	2,000.00
			TOTAL	**10,000.00**

9. Manpower requirement

S. No.	Category	No.	Salary/Person/ Month (Rs.)	Total (Rs./Month)
1.	Manager (owner himself)	1	4,000.00	4,000.00
2.	Skilled worker	1	3,000.00	3,000.00
3.	Semi-skilled workers	1	2,000.00	2,000.00
			TOTAL	**9,000.00**

10. Working capital requirement (at full capacity utilization)

S. No.	Items	Period (Month)	Amount (in Rs.)
1.	Stores & spares (including consumables)	1/2	1,000.00
2.	Finished goods (spare parts for sale)	1/2	4,500.00
3.	Receivable/debtors	1	6,500.00
4.	Other current assets	-	10,500.00
		TOTAL	**22,500.00**

11. Project economics (Annual)

S. No.	Items	Amount (in Rs.)
A.	**Sales realization**	
(i)	Sale of 300 new cycles @ Rs.2000/- per cycle (avg.)	6,00,000.00
(ii)	Sale of spare parts and accessories (Assorted items)	80,000.00
(iii)	Repair and maintenance of cycle air filling etc.	70,000.00
	TOTAL	**7,50,000.00**

B.	**Cost of operation**	
(i)	Purchase of new (new cycles, spare parts etc.)	5,10,000.00
(ii)	Stores and spares (including consumables)	12,000.00
(iii)	Utilities (electricity & water)	12,000.00
(iv)	Salaries & Wages	1,08,000.00
(v)	Rent @Rs.2000/- pm	24,000.00
(vi)	Transportation/ Freight	10,000.00
(vii)	Conveyance & Traveling	6,000.00
(viii)	Administrative overheads (telephone, postage, stationery etc.)	3,000.00
(ix)	Selling expenses	3,000.00
(x)	Repair & Maintenance	3,000.00
(xi)	Interest	5,700.00
	TOTAL	**6,96,700.00**
C.	**Cash profit (A-C)**	**53,300.00**
D	**Depreciation @ 15% on fixed assets**	**9400.00**
E.	**Profit before tax (D-E)**	**43,900.00**
F.	**Taxes (Income Tax)**	**-**
G	**Profit after tax**	**43,900.00**

12. Viability indicators

S. No.	Particulars	Amount
1.	Repayment (5 years)	19,000.00
2.	Return on investment	46.21%
3.	Debt Service Coverage Ratio	2.38

13. Interest, moratorium & repayment period for beneficiaries

(a) Interest : 6% p.a. on NSTFDC term loan

(b) Moratorium period : 6 months from date of release of funds by SCA.

(c) Repayment period : 5 years excluding moratorium period.

14. General remarks

- The cost of plant & machinery has been taken on the basis of items manufactured by standard/ reputed suppliers having sound service network. The suppliers shall be based in local areas.
- Optimum working capital cycle has been taken for calculating the requirements.
- The cost of project will vary in different states & regions.
- It is assumed that the services have good demand, and the promoters have sound experience in the relevant fields