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SETTING UP A COMPUTER BUSINESS CENTRE

21.1 INTRODUCTION

After completing this course there are two options available to you:-

First, you may find a job as a DTP Operator, Data Processing Assistant, Designing Assistant, Computer Operator, Programming Asstt. etc. Such jobs are available in government organizations as well as private companies. The second option is to set up your own business. By setting up your own DTP unit, you become your own employer and provide jobs for others.

The selection of the option lies with you : Either go for a job or set up an enterprise. Both the options have their own plus and minus points : Salaried jobs provide fixed income without investing any money. Business on the other hand involves investing money and taking risk. However, the income in the business is comparatively more than in wage jobs. Further, income generally commensurate with the amount of money invested and the amount of hard-work you put in.

You will be wondering how will you manage to set up your own business without any experience and sufficient money. Once you decide to set up your own Computer Business Centre (CBC), it is not difficult to do so. Guidance and help is available at different sources.

In this lesson you must be thinking about the utility of this course in the terms of earning. This is quite natural.

21.2 OBJECTIVES

After going through this lesson, you would be able to

- identify major inputs to a business unit
- identify various components of capital required for a CBC
- estimate the profits of a CBC
- learn various sources of help and finance for setting up a CBC
- adopt good business practices required for an entrepreneur

21.3 INPUTS TO A BUSINESS

The important inputs to a business are :-

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- Will Power
 - Place
 - Capital
 - Finance

Will Power

This is the first and the foremost input required for setting up a business unit. You must make up your mind well before starting any business, as business involves risk. A person who wants to set up a business either in trade or industry is called an entrepreneur. An entrepreneur makes best use of the available machinery, manpower and money for producing goods or service. A unit set up by an entrepreneur is called an enterprise. CBC is also an enterprise which provides services to others.

Place

Place for a CBC unit involves generally a room of the minimum size of 20 sq. metre. The space should be sufficient for installing computer and accessories, office space and space for visitors. The space may be your own or rented. For a CBC unit, it is better if the place is near to a commercial complex or government offices. The office space must have electricity and telephone connection.

Capital

Once you decide on the place of your business, you require money. Money invested in the business is called **Capital**. Two types of capital are required: Capital is **fixed** when it involves procuring land, building, equipment, machinery, vehicles, furniture and fixtures, etc. **Working capital** is required for meeting day to day expenses of an enterprise. These include purchase of raw material, stationery, payment of bills like water, electricity, telephone, wages of staff/labourer and traveling/conveyance charges.

Fixed capital

Fixed capital generally remains constant over a longer period and is required only in the beginning stage. On the other hand, working capital is required frequently. It is implied that after sometime money starts coming out of the business and thus working capital is met out of the turnover.

For a basic CBC the fixed capital involves the following equipment and furniture.

<i>Item</i>	<i>Quantity</i>
Computer (with VDU, CD drive, UPS and Keyboard)	1
Scanner (optional)	1
Laser Printer (optional)	1
Inkjet Printer / DM - Printer	1
CD Writer	1
Computer Table	1
Computer Chair	1
Office Table	1
Chairs for staff and visitors	4
Internet Centre	1

Presently this minimum requirement may be met within about **One lakh** rupees.

(For details see model calculation given below)

Working Capital

Working capital is required for purchase of raw material (like paper, cartridges, floppies, CDs, etc.), for making payments to staff, electricity and telephone bills, conveyance and travel, etc. In DTP business the returns are quick and generally turnover starts within a month. It is estimated that the working capital of Rs. 12,500 is sufficient for a month.

In the table below, we have given a model for working out the fixed capital, working capital and expected profit. Please note that the estimate below is only an illustration. Keeping in view your specific requirement, you have to make your own budget.

Model Calculation of Investment for One DTP Unit

A. Fixed Capital	
(1) Land and Building (one room)	rented
(2) Equipment (1 Computer with VDU, UPS, Keyboard and CD drive)	40,000
(3) Scanner	6,000
(4) Laser Printer (Basic Model)	15,000
(5) Inkjet Printer / Dot Matrix Printer	6,000
(6) Software (Licensed)	15,000
(7) Furniture	16,000
(8) Miscellaneous	2,000
Total	<u>1,00,000</u>

B. Working Capital

(for one month)

(1) Rent of room	3,000
(2) Electricity, water bill, etc.	1,000
(3) Telephone/Internet charge	2000
(4) Wages of one Assistant/Helper	3000
(5) Raw Material (Paper, floppy, cartridge, etc.)	3000
(6) Conveyance/Travel	2000
(7) Miscellaneous Expenses	500
(8) Contingences	500

Total 15,000Total Investment (Fixed Capital + Working Capital) **1,15,000****C. Calculation of Income over Expenditure**

Expected Turnover (for one month)	75 pages per day Rs. 15/- Per page	30,000
Less Expenses		
Repayment of loan		3,000
Rent, Wages, Telephone etc.		15,000
Depreciation of the equipment (@ 20% Industry Norms)		850
Provision for Tax/Service charge		1000
Provision for bad debt		150
		<u>20,000</u>
Surplus of Income over expenditure (profit)		<u>10,000</u>

Thus you can expect a profit of Rs. 10,000 per month by setting up one unit. If you set up more units, the profit will be proportionately higher as the overhead expenses like rent, electricity, telephone etc. will be remain the same.

As already said all this is only an estimate. In actual conditions the profit may vary, it may increase or decrease. Much of it depends on your hard-work, wisdom and intelligence.

21.4 FINANCE

Having moved by the **profit motive**, you may now be thinking of establishing your own for DTP unit. For this, you will require money. If you are lucky to have the money

arranged from your own/family sources, it is fine. Otherwise, the following sources may be tapped.

Banks

Banks, whether national, private or cooperative, provide loans under different schemes. The rate of interest and terms generally vary from bank to bank. Interest rates are decreasing steadily as well as the process is becoming easier.

Government Department

Various departments and ministries of the Central/State Government have different schemes under which financial assistance loans are available. Prime Minister Rozgar Yojana (PMRY) is one such scheme. Some of the departments which provide financial assistance are:

Department of Rural Development

Department of Small Scale Industries

Department of Tribal Development

Department of Minorities Development

Department of Women Development

Small Scale Industries Institute (Govt. of India) provides valuable help in preparing project report and procuring machinery and raw material. This institute has its head-quarter in Okhla (New Delhi) and branch offices in all state capitals and major cities. Addresses of this institute and other government departments may be obtained from the nearest Employment Exchange or the Office of the District Collector.

Finance is generally available for Fixed Capital, i.e., one time only. Generally up to 80% finance is available and rest you have to arrange from your resources. This difference is called the **Seed Money**. In our model calculation, we had estimated that fixed capital of approximately Rs. 1,00,000 is required for setting up a CBC. Out of this, loan upto Rs. 80,000 will be financed by the banks/institutions and Rs. 20,000 will have to be arranged by you.

For working capital banks may grant you **Overdraft** facility. Thus, by investing about 35,000/- (Rs. 20,000 + Rs. 15,000) you get a profit of over Rs. 10,000/- per month which is reasonably good. However, profit can be increased by increasing business which will be the result of improved efforts and hard work put in the direction.

21.5 ACTIVITIES FOR COMPUTER BUSINESS CENTRE

The main activities which a computer Business center may carry on are

Word Processing: You may do Word Processing jobs like preparing personal/business letters of individuals, small traders and business firms. Bio-data/resume for the purpose of jobs and marriages may also be prepared. Some documents like Income Tax Return, Application for PAN, Passport Forms, Application form for enrolling as voter may be stored as a **Template** and used frequently for your customers.

You may also contact the Free-lance writers, Journalists and Researchers and prepare their articles and reports. Similarly Projects and Dissertations of the students may be documented.

Data Processing: Individuals and small business firms generally do not have their own computer facilities for storing their data. You may contact them and maintain this data for them. Data may relate to:-

- Personal Address Books
- List of Suppliers
- List of Vendors
- Inventory
- Record of Investments
- Record of Taxes like Sales Tax, Excise and Custom Duty

Accounting: If you have an aptitude for the accounting work, you may like to maintain the accounts of individuals professionals like Doctors, Lawyers, Free-lance Writers, Artists etc and small business firms.

For this you need, is some basic knowledge of Accounting and a Software package. These days many accounting software package are available in the market. The commonly used ones are MUNIM and TALLY

Diversified Activities: At a CBC, the following activities may also be undertaken

Fax facilities

Fax facilities may be made available to you customers by installing a separate fax machine or through a fax-card installed in the computer. A fax machine may cost you about Rs 10,000-20,000 depending on the model you choose. Fax machine with a Plain-Paper mode is better than a Thermal-paper one.

The fax card costs only a few hundred rupees and may be used in conjunction with your existing computer, scanner and printer.

Internet Cafe

You may provide internet surfing service to your customers. This service requires

installing a few move computers and proportionate space for making cubicles/ cabins. Internet customer may use this service for downloading information, e-mail, internet telephony and retrieving small queries like getting examination results or for finding the status of the train reservation.

Many more diversifications like Call Centre Operation, Medical Transcription, Computerised Design Centre, On-line Trading Centre (For shares and Securities etc.) may be thought of by your own imagination and growing experience. Always keep yourself up-dated with the new technological advances. News papers, Professional Journals, Internet, Professional Conferences/Associations are a good source of knowledge. Make the best use of them.

21.6 GOOD BUSINESS PRACTICES

Other than the financial aspects of a business, an entrepreneur should also take care of good business practices. These practices not only pay in the long run but also create harmony and cordial environment in the society. These practices are:

- (1) Be polite to the customers. Always greet and receive them properly. Remember that **Service with a Smile** does not cost but brings reputation and goodwill to your business.
- (2) Be punctual and adhere to the Delivery Schedule. If the job of a customer is not ready by scheduled time, inform her/him in advance and apologise.
- (3) Be honest in dealings. Charge reasonably and honestly from the customers. Make prompt payments to your suppliers.
- (4) Pay your dues and taxes in time. It is our earnest duty to pay the taxes honestly. Taxes are the revenue for the government. This money is used for the welfare of the society.
- (5) Pay reasonably to your staff. Payment to them should commensurate with their qualification, experience and the output they produce. Besides you have to comply by the **Minimum Wages Act** in this regard.
- (6) Try to explore new business opportunities. Diversify your business.

Please note that scope and opportunities in any business are indefinite and so with the CBC, only sky is the limit.

Wish you a happy business.