

# **PROJECT PROFILE**

ON

## **BOOK LENDING LIBRARY**

Month & Year

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**PREPARED BY  
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# **BOOK LENDING LIBRARY**

## **INTRODUCTION**

Despite the advent of TV and other visual media, the reading habit of the people has not been affected adversely. The text books, novels, comics and other educational books have been popular among all students and others alike. Housewives also constitute a major target group for novels in regional languages and weeklies. The Lending Library in a residential area very well attracts many readers and it has regular customers.

## **SERVICES & SPECIFICATION**

The Lending Library should have a large collection of all readable books and magazines in different languages. The Library should be equipped with good staff for attending to the customers' requirements.

## **MARKET POTENTIAL**

In 1951 India's literacy was only 18.3 per cent. Today the rate stands at 64.8 percent, quite a big leap for independent India. However, India continues to lag behind several other developing countries in the region.

China's adult literacy rate was 78.3 in 1990 and 85.8 in 2001, when India reported 49.3 and 58.0 respectively. Sri Lanka posted youth literacy rate of 95.1 (1990) and 96.9 (2001) while India's rates were 64.3 and 73.3 respectively.

Census data indicate that the number of literates in India grew by 52 percent in 1981 - 91 and 59 percent in 1991 - 2001. The absolute number of illiterates increase during 1981 - 91 but substantially declined during 1991 - 2001.

The National Policy on Education (1986) provides a broad policy framework for eradication of literacy and sets a goal of expenditure on education at 6 percent, the

total expenditure on education by both central and state governments was only 3 percent of GDP in 2002 – 03.

### **LITERACY RATES IN INDIA (1951 – 2001)**

Census year	Persons	Male	Female	Male – female gap in literacy rate
1951	18.33	27.16	8.66	16.30
1961	28.30	40.40	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.13	39.29	24.64
2001	64.84	75.85	54.16	21.69

Source: Census of India

### **ELEMENTARY EDUCATION**

In order to fulfill the goal of universal elementary education, constitutional (86 amendment) act, 2002 has been passed by the parliament.

A comprehensive programme called Sarva Shiksha Abhiyan (SSA) was launched in November 2000 in partnership with the states. The programme aims to improve the performance of the school system through a community owned approach and to **impart quality elementary education to all children in the age group of 6 – 14 by 2010**. It seeks to bridge gender and social disparities at the elementary level. It subsumes all existing programmes including externally aided programmes within its overall framework, with the district as the unit of implementation. National Programme for Education of Girls at Elementary Level (NPEGEL) has been launched for education of girls at elementary level under SSA.

There were 6.51 lakhs primary schools and 2.45 lakhs upper primary schools in 2002 – 03. It went up to 7.12 lakhs and 2.62 lakhs in 2003-04. During 2001 – 02 and 2002 – 03 the growth rate of enrolment for girls at the elementary level was

higher than that of boys. Participation of girls at all levels of school education has improved appreciably over the years, but vast disparities amongst the State in Gross Enrolment (GER) at primary / upper primary level persist with States in the North – East Performing better the others.

Of the estimated population of 205 million in the age group of 6 – 14 years on March 1, 2002, nearly 82.5 percent was enrolled in schools compared with 82.4 percent in 2001 – 02. The student retention at the primary school stage was about 59 percent (1992 – 1997). At the primary level, the dropout rate decreased from 39 percent in 2001 – 2002 to 34.9 in 2002 – 2003. At the upper primary level, the dropout rate decreased form 54.6 percent in 2000 – 2001 to 52.8 over the same period. The drop out rate of girl students was 33.7 percent and 53.5 percent at the primary and upper primary levels respectively, in 2002 – 2003.

The Pupil Teacher Ratio (PTR) at the primary level has remained more or less constant at 43:1 during 2001 – 02. At the upper primary level, it was 34:1.

### **SECONDARY EDUCATION:**

The Secondary Education sector prepared students in the age group of 14 – 18 years for entry into higher education as well as for the world of work. The number of secondary and service secondary schools during 2002 – 03 is 1,37,207 with an enrolment of students of 33.2 million. The figures increased to 146000 and 35 million in 2003-04

Source: Year Book Manorama and Statistical outline of India: Tata Services Limited-2006-07

With several states implementing schemes on total literacy, the literate population will be increasing year after year and reading habit among population will also improve to acquire new knowledge, update knowledge and have entertainment through reading books. Therefore, there is a tremendous scope for several book lending libraries to be set up in different parts of the country.

All major residential areas housing middle and upper class families need presence of book and magazine lending libraries. If the library is located closer to schools & colleges, novels, comic and supplementary educational reading text books have to be collected and stored. If it is in middle of residential area, women magazines, weeklies, novels should be larger in number.

## **TECHNICAL ASPECTS**

### **INSTALLED CAPACITY**

To start with, Book Lending Library can enroll about 1200 Members. From each member an initial non-refundable deposit of Rs.300 can be collected. The monthly rental charges can be collected on an average of Rs.13 per book. At this rate the Lending Library will have a total income of Rs.6.48 lakhs per annum.

### **EQUIPMENTS**

The Library requires several books to be purchased in different languages. A mix of old books and new books can be purchased. The following services are essentially required.

#### **Books & Periodicals (initial)**

To start with, to serve 1000 members initially the book lending library will have about 3 books per customer in reserve. A mix of old books and new books have to be purchased. This will cost about Rs.150 per book on an average (Rs.50 per old book and Rs.250 per new book). The initial book cost will be about Rs.4,50,000. Every year additional books have to be purchased and accumulated.

### **EQUIPMENTS**

The following equipments are required.

	<b>Rs.</b>
▪ Racks, Book Shelves	46,000

▪ Books	5,30,000
▪ Lights & Fans	6,500
▪ Bicycle for home delivery	3,500
▪ Name Board & Misc. Expenses	4,000
	<b>5,90,000</b>

## LAND AND BUILDING

An area of 500 sq.ft is sufficient to start with. This can be taken on rental basis at Rs.10 per sqft monthly rent is considered Rs.5000 per month. The Advance will be about Rs. 50000.

## UTILITIES

### Power:

The Electricity is required only for lights & fans.

### Water

Water is required for human consumption only.

### Manpower

Library Assistants	2	5000.00	10000.00
Delivery Boy	1	4000.00	4000.00
			<b>14000.00</b>
		<b>Salaries per Annum</b>	<b>168000.00</b>

## IMPLEMENTATION SCHEDULE

If financing arrangements are available, the project can be implemented within one month time.

## ASSUMPTIONS

The Lending Library can be started with own capital and later by enrolling members, deposits can be collected which will be sufficient to pay back part of promoter's initial contribution.

- ∅ To start with 1200 members have to be enrolled.
- ∅ The income is estimated at Rs.13 per 10 days (Rs.30 per member per month for 3 rotations of books).
- ∅ Power charges works out to Rs. 36000 per annum Rs.3000/- per month.
- ∅ Wages & Salaries works out to Rs.14000/- per month as per breakup given above with annual increase 5%.
- ∅ Subscriptions to Magazines & periodicals is estimated to Rs.4000 p.m.
- ∅ Travelling & Conveyances is estimated at Rs.1500 p.m.
- ∅ Repairs & Maintenance is assumed at Rs.4000 per annum with annual increase 5%.
- ∅ Depreciation calculated @ 20% on Books & Equipments on WDV method.
- ∅ Office Rent assumed at Rs.6000/- p.m.
- ∅ Administrative expenses are estimated at Rs. 5000 per month Rs. 60000 per annum with annual increase 5%.
- ∅ Income tax is provided at 33.22% on taxable income.
- ∅ Every year, out of profits, fresh books have to be procured and new members have to be enrolled to increase the income.

## **LIST OF BOOKS & EQUIPMENT SUPPLIERS**

Books & equipments, which are required for library are readily available in local market.

## FINANCIAL ASPECTS

### 1. COST OF PROJECT

	<b>Rs. lakhs</b>
Land & Building-Rental Advance (500 sq.ft)	0.50
Books & Equipments	5.90
Pre-Operative Expenses	0.30
Margin for Working Capital	0.10
	<hr/> <b>6.80</b> <hr/>

### 2. MEANS OF FINANCE

Capital	2.38
Deposits from Members	4.43
	<hr/> <b>6.80</b> <hr/>

### 3. COST OF PRODUCTION & PROFITABILITY

Year	1	2	3
No. of Members	1200.00	1320.00	1452.00
Membership Deposit	Rs.	360	
<b>Income from Lending Library</b>	<b>5.62</b>	<b>5.90</b>	<b>6.19</b>
Power	0.36	0.38	0.40
Wages & Salaries	1.68	1.76	1.85
Rent	0.60	0.61	0.62
Subscription of Magazine & periodicals	0.48	0.50	0.53
Travelling & Conveyance	0.18	0.19	0.20
Repairs & Maintenance	0.04	0.04	0.04
Administration Expenses	0.60	0.63	0.66
Depreciation	1.03	0.82	0.66
	<hr/> <b>4.97</b> <hr/>	<hr/> <b>4.94</b> <hr/>	<hr/> <b>4.96</b> <hr/>
<b>Total</b>	<b>4.97</b>	<b>4.94</b>	<b>4.96</b>

Profit Before Tax	0.65	0.96	1.23
Provision for Taxes	0.22	0.32	0.41
Profit After Tax	<b>0.43</b>	<b>0.64</b>	<b>0.82</b>
Add: Depreciation	1.03	0.82	0.66
Total Cash Accruals	1.46	1.46	1.48

#### 4. PROFITABILITY RATIOS BASED ON 80%

<u>Profit after tax</u>	<u>0.82</u>	
Sales	5.23	16%
<u>Profit before Interest &amp; Tax</u>	<u>1.23</u>	
Total Investment	6.80	18%
<u>Profit after Tax</u>	<u>0.82</u>	
Promoters Capital	2.38	35%

#### 5. CALCULATION OF BREAK EVEN LEVEL

##### FIXED EXPENSES

Power	0.40
Wages & Salaries	1.85
Rent	0.62
Subscription of Magazine & periodicals	0.53
Travelling & Conveyance	0.20
Repairs & Maintenance	0.04
Depreciation	0.66
	<u>4.30</u>

Profit Before tax (P)	1.23	
BREAK-EVEN LEVEL =	$\frac{FC}{FC+P}$	X 100%

**78%** of installed capacity