BABY CAR - BATTERY OPERATED

1. INTRODUCTION

Baby car ride is very attractive and safe for children of the age group 3 to 7 years. It is an attraction in all fun-fairs and amusement parks. It is very popular among children. The cars are equipped with timers and one can enjoy it as long as he wants it. Children enjoy it very much as it gives them a pleasure like car driving. This is one of the safest rides available for children. The car basket is fabricated from mild steel sheet or it can be made from FRP. It is painted with attractive colours and stickers are fixed for decoration.

2. PRESENT STATUS AND MARKET POTENTIAL

Baby car ride is commonly available and is very popular in amusement parks. At present, this kind of ride is not available in Goa. Looking to the huge and steady flow of tourists in Goa, there is good scope for establishment of this ride with 10 baby cars. It will also be enjoyed by local people during festivals like Diwali and Christmas. It is estimated that about 2.5 lakhs children will enjoy this facility in a year of 210 days and 6 hours a day working. The Ministry of Tourism, New Delhi have estimated that the flow of foreign tourists will be doubled in 1994-95. Similar trend is expected for domestic tourists also. Hence there is good potential for introduction of this facility in Goa.

3. BABY CAR

Baby Car is a very thrilling ride particularly for children. It gives lot of excitement. It is equipped with lead-acid battery and timer. It runs on a cement platform of 40' x 30'. The duration of the trip can be adjusted according to convenience by means of timer, for 2 or 3 minutes. When coin is inserted into the slot provided for it the car starts moving and stops automatically when the time is over.

For movement in different directions steering is provided. It has no break and hence two or more cars could collide with each other. However as the momentum is not high it does not cause any serious damage and it provides children extra pleasure.

4. SOURCES OF EQUIPMENT

Baby car (battery operated) is being manufactured by the following manufacturers in India :

(i) M/s Tripland,
Nr. Manav Mandir
Drive-in-Road
Ahmedabad 380 052

(ii) M/s Saya Amusement Manufacturing Ltd
Sahajanand Shopping Centre
Shahibaug Road
Ahmedabad 380 004

(iii) M/s Vikem Rides
Yashkamal 'B' I Floor
Tithali Road
Valsad 396 001

(iv) M/s Appu Ghar
Pragatimaidan
New Delhi 110 001

Moreover, it can also be fabricated locally. The cement platform is made as per advice of car suppliers. They can provide drawing and other details.

5. INFRASTRUCTURE REQUIREMENTS

A smooth-finish platform made of cement or polished kota stone admeasuring 40' x 30' on a plot area of 200 sq.mt. will be required for this ride. There is no need for any building except a booking counter and a shed for storing the cars during night time and off-season. The space can also be used to maintain and service the cars. The land may be obtained on lease from appropriate agency. The lease rent for the plot is estimated at Rs. 2,500 p.a. @ Rs. 1.0 per sq.mt. per month. No power is required except for general lighting purpose and recharging of battery.

6. MANPOWER REQUIREMENTS

One ticketing clerk and two helpers to control the crowd during business hours and guide the children will be required for operating this ride. The annual salaries for the required manpower works out to Rs. 17,500 @ Rs. 900 p.m. for ticketing clerk and Rs. 800 p.m. for helpers. It is assumed that all the three persons will be employed only during seasons, ie. 7 months in a year. The entrepreneur will look after daily routine work, accounts, liaison with tour operators and other agencies.

7. COST OF THE PROJECT

The total cost of project works out to Rs. 1.27 lakh including cost of 10 Baby cars, civil work for cement platform of 40' x 30', railing, Preliminary and Pre-operative expenses and working capital margin. Details are given in Annexure I.

7.1 Land & Building

The project will require a plot of 200 sq.mts. On this a platform of 40' x 30' will be constructed to run the ride. A small room of 15' x 10' is also required for ticketing cabin and a shed for storing the cars during night and off-season and to carry out repairs and maintenance. It is estimated that while the land will be on lease, cost of building and platform will be Rs.25,000. The railing around the platorm will cost another Rs. 7,000. Thus the total cost of building would be Rs. 32,000.

7.2 Equipment

The project will require small battery operated baby cars equipped with timer. These are indigenously available and can be fabricated locally. Lead-acid battries are easily available. The cost of 10 such

cars will be Rs. 80,000 @ Rs. 8,000 per car including cost of battery. There are some well known battery manufacturers like (i) Exide, (ii) Amco, (iii) Chloride, (iv) Standard, etc. The body of the car can be fabricated from mild steel or FRP material. Regular servicing of battery and maintenance of car should be carried out for smoother operation.

7.3 Preliminary & Pre-operative Expenses

The entrepreneur will have to incur certain expenses before starting of the venture such as cost of preparing loan application, scrutiny fees of the financial institution, travelling, stationery, documentation charges, etc. It is estimated that the total expenses towards this would be Rs. 10,000. No loan on this will be available from the financial institution and hence promoter will have to invest from his own resources.

7.4 Working Capital Margin

As such requirement of working capital is very less as the business is on cash basis and there will not be any outstandings. However, entrepreneur will have to make provision for monthly overheads like wages and salary, fuel charges, repairs and maintenance, etc. It is estimated that working capital margin requirement will be Rs. 5,000 for this project. As most of working capital is required for covering monthly overheads, no bank loan will be available on this.

8. MEANS OF FINANCE

The entrepreneur will be eligible to get term loan of Rs. 0.95 lakh from financial institution as per present norms. The remaining amount of Rs. 0.32 lakh will have to be raised by promoter. It will be possible for the project to repay term-loan in a period of eight years after providing for a moratorium period of two years. This is well within the norms of financial institution. The debt equity ratio works out to 3 : 1. The details on means of finance is given in Annexure I.

9. PROFITABILITY

There are two seasons in Goa for tourists. One in Winter and another in Summer. During monsoon there is no much flow of tourists. Therefore, for the purpose of working out profitability, 210 days are taken as working days in a year. On this basis, it is estimated that annually about 2.5 lakhs children can be served taking into consideration 200 tourists in an hour by having 10 cars and six hours working in a day. The charges for 3 minutes ride is taken at Rs. 1 per person. This will generate an annual income of Rs. 2.5 lakhs. It is clear from the profitability statement that the project will generate an annual turn over of Rs. 1.88 lakh at 75% occupancy of the rides and profit of Rs. 0.57 lakhs. This is an attractive proposal from financial point of view and hence the project can be further pursued. The details regarding cost of operation and profitability are given in Annexure II.

10. BREAK-EVEN ANALYSIS

The project is likely to break-even at 30% of its potential capacity on the basis of 210 days working in a year. Details of Break-even Point is given in Annexure III

11. KEY ELEMENTS FOR SUCCESS

In order to get good success in the project, following key elements are identified for the project :

(1) Location of project should be strategic so that maximum number of tourists can be attracted to take advantage of this facility.

(2) Liaison work with Department of Tourism, tour operators, large hotels and tourist guides should be effective to bring in maximum business.

(3) Periodical repairs and maintenance of lead-acid battery and car should be carried out in order to minimise down time.

ANNEXURE I

COST OF PROJECT & MEANS OF FINANCE

		(Rs. in Lakhs)
(A)	**COST OF THE PROJECT**	
		On lease
	(a) Land	0.32
	(b) Building	0.80
	(c) Equipment Cost	0.10
	(d) P & P Expenses	0.05
	(e) Working Capital Margin	
	TOTAL	1.27
(B)	**MEANS OF FINANCE**	
	(a) Term Loan	0.95
	(b) Promoters Contribution	0.32
	TOTAL	1.27
(C)	**DEBT EQUITY RATIO**	3 ; 1

ANNEXURE II

PROFITABILITY STATEMENT

Sr. No.	Particulars	Rs. in Lakhs
1	Capacity Utilisation	210 days/year
2	Annual Income (@75% utilisation)	1.88
3	Raw materials	-
4	Consumable Stores, Repairs & Maintenance	0.35
5	Power, Water	0.03
6	Salary & Wages	0.18
7	Rent, Taxes	0.03
8	Administrative Expenses	0.25
9	Interest (@ 13.5%)	0.13
10	Depreciation (@ 10% on equipment) and @ 5% on building	0.10
11	Total Operating Cost	1.07
12	Operating Profit	0.81
13	Income Tax	0.24
14	Net Profit	0.57
15	Operating Profit to Income Ratio (%)	43
16	Net Profit to Income Ratio (%)	30

ANNEXURE III

BREAK-EVEN POINT ANALYSIS (BEP)

		Rs. in Lakhs
A.	**FIXED COST**	
	Interest	0.13
	Rent, Taxes	0.03
	Salary	0.08
	Stores/Repairs/Maintenance (40%)	0.14
	Utilities (30%)	0.01
	Depreciation	0.10
	Administrative Expenses (50%)	0.12
		0.61
B.	**VARIABLE COST**	
	Wages	0.10
	Stores/Repairs/Maintenance (60%)	0.21
	Utilities (70%)	0.02
	Administrative Expenses (50%)	0.13
		0.46
C.	**CONTRIBUTION**	
	Income - Variable Cost	2.04
D.	**BREAK-EVEN POINT**	

$$\frac{\text{Fixed Cost}}{\text{Contribution}} \times 100 = 30\ \%$$

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