

COMPUTERIZATION (NETWORKING) OF

STATE COOPERATIVE BANK

DETAILED PROJECT REPORT(DPR)

SAMPLE

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SAMPLE

Executive Summary

- A Project & Implementing Agency : Complete computerization(Net working) of State Cooperative Bank through setting up of modern data centre at its Head Office.Renovation of its existing building to facilitate modern banking. The project will be implemented by the SCB through engaging reputed consultants.
- B. Components of the Project : The main components of the project are (a) Renovation of HO Building, (b) Setting up of Data Centre & (c) Installation of SPV unit. Details are:
- i) Renovation of HO Building : Since the existing building is very old it needs urgent renovation work to establish data center and shift the HO, which is presently working in a rented building, there. The estimates for the same has been prepared according to latest PWD schedule of rates.
 - ii) Setting up Data Centre : A modern data centre is to be set up to complete centralize its networking of HO and remote branches/Regional offices.
 - iii) Installation of SPV Unit : The installation of SPV unit is proposed to ensure continuous uninterrupted power supply.
- C. Project Cost & Means of Finance : The Total project cost is worked out to Rs. 40.60 cr. Comprising Fixed Cost of Rs. 39.68 cr. & Operational Cost of Rs. 0.74 cr. The project will be financed by availing financial assistance from NCDC under CSISAC scheme for **least developed state**, as detailed below:
- i) Loan from NCDC - Rs.26.39 cr(65%)
 - ii) Subsidy - Rs.10.15 cr.(25%)
 - iii) Own fund - Rs. 4.06 cr(10%)
 - iv) Total - Rs.40.60 cr(100%)
- D. Security : The Bank will offer FDR/Govt. securities/Govt. Guarantee as security for the loan
- E Period of implementation : The SCB proposes to complete the project within a period of 1 year after sanction
- F Profitability : The project is expected to generate sufficient income to repay the loan with interest. The DSCR & IRR of the project are worked out at 2.55 & 23% respectively

Membership and paid up share capital

Membership and paid up share capital of the Bank for last 3 years is given below:

S.No.	Type/Category	FY-I		FY-II		FY-III (Current financial year)	
		Number	Amount	Number	Amount	Number	Amount
1	Individuals	NA	NA	NA	NA	591	0.23
2	Societies	2226	11.37	2474	11.38	2749	13.74
3	State Govt.	1	3.50	1	3.50	1	2.47
4	Others	NA	NA	NA	NA	3	0.04
	Total	2501	14.87	2582	14.88	3344	16.48

The members consist of various types of societies. Out of 591 individual members, 500 are male and 91 female. There are 130 SCs & 95 STs.

Management

The bank is governed by 11 member elected Board. The last election to the Board was held on (Date) for a term of 5 years. The day to day operations of the Bank is managed by CEO, who is well versed in banking.

Present Activities of SCB

The Bank is engaged in all types of credit business like accepting deposits, disbursing loan etc. The working result and financial status of the bank during the last 3 years is given below:

(Rs. in crore)

Particulars	FY-I	FY-II	FY-III (Current financial year)
Loan disbursed	47.82	55.30	101.00
Interest income	37.16	57.51	145.13
Other income	4.30	1.12	138.01
Net Profit/loss	(-)5.08	(-)3.15	2.72
Paid-up Share Capital	14.87	14.88	16.49
Reserves & grants	17.30	67.53	90.61
Total own funds	32.17	82.41	107.10
Accumulated Profit/Loss	(-)12.42	(-)15.57	(-)48.69
Net Worth	19.75	66.84	58.41

The loss suffered by the bank is mainly on account of investments incurred on account of technological up gradation & on account of takeover of the losses of the DCCBs. However, it earned a net profit during the current financial year. The sudden increase in accumulated loss position during the current financial year is due to the loss brought from the books of member Banks.

Audited/tentative financial statements for the Bank for last 3 years are attached. The Bank has been following necessary standards and maintaining adequate provisions for NPA, Depreciation and other payments. The classification given by the auditor is "C".

Infrastructure facilities available

The society has own building and various other related infrastructures. The Bank already offering various facilities like Net Banking, NEFT/RTGS, Debit/KCC cards. Micro ATM, ATM facility etc. Already 18 numbers of ATMs have been established and 24 numbers of ATMs are being set up. It has already completed networking of its HO and erstwhile branches. Now, the SCB has a server room of around 200 sq.ft. with 5

server along with 1 rack and 2 small Network racks which are installed in a Server room not as per the standard Data center design practices.

Details of the proposed Project

Project Details & Justification

As the existing small set up not sufficient to cater to the increased volume of data due to increase in business volume, therefore, the Bank is planning to set up a Data Center at their existing HO building at Ranchi, Jharkhand. The Bank wants to set up a modern data center with around 2250-3000 sq. ft. with the entire infrastructure and migrate the existing servers and network equipment with minimum down time. The Data Center hired from BSNL will also be discontinued and shifted to the proposed center. The proposed data center will provide centralized delivery of services to reach the people in the urban & rural segments. The proposed Data Center provides the infrastructure required for consolidating the databases from the various allied services and core banking solution and also for providing online services to citizens at villages/urban. The Data Center will also provide web services by which information can be shared securely with other key organizations like financial institutions, legal bodies etc.

The Data Center will be located centrally and is assumed to connect to the remote branches/Regional offices servers using the MPLS network of the SCB. The following are some of the key functions of the proposed Data Center:

- 1) Central repository: The central repository provisions for consolidation of database from all the remote applications which could be updated on a daily basis or periodically. This process happens by synchronizing all the remote databases/applications. The central repository will be used for delivery of services over the internet through ATM at the villages/urban and also to share the data with other Government departments.
- 2) Disaster Recovery: As the data of all the applications participating in the State Data Center would be replicated to the central repository, the Data Center could

also serve as a disaster recovery solution for the databases for the services/CBS.

- 3) Remote Management: The Data Center would be equipped to remotely manage and administer the servers for the services such as enforce security policies, manage software configurations, ensure update of patches, ensure regular back up of software of the service.
- 4) Online Delivery of Service: The Data Center would host a list of services offered through a websites for different application participating the Data Center.
- 5) State Portal: The Data center can be used to host a Intranet banking services for all department employees that could be updated dynamically by the end user departments and this banking services could provide a single access point for all government related information and services.
- 6) External connectivity: The Data Center could also exchange data across organization and departments such as banks, courts using standard web services thereby providing better integrated services to citizens.

Present scenario of similar projects

Setting up of data centre has to be made based on the requirement and business volume. Therefore, there is no scope for comparison with existing projects.

Availability of technical knowhow & skilled man power

The IT operations of the SCB are headed by a man well versed in computer operations and supported by subordinates having sufficient knowledge in the field. Further, the project will be implemented by reputed consultant to ensure suitability of hardware and software configurations.

Cost of the Project

The total project is worked out at Rs.40.60 cr.as detailed below:

S.No	Item	Amount
1	Capital Expenditure	39.86
2	Operational Expenditure	0.74
	TOTAL	40.60

Capital Expenditure

- a. Building & Civil works: The Data Center is proposed to be set up at the HO of the Bank. Since the existing building is very old it needs urgent renovation work to establish data center and shift the HO, which is presently working in a rented building, there. Sanction from the concerned authorities has already been obtained. The cost of repair/renovation has been worked as per applicable PWD schedule of rates, and works out to Rs.1.03 cr., which is duly approved by Chartered Engineer(Attached).
- b. Data Centre: The equipment required for setting up of Data Centre may be divided into two categories i.e. Non-IT related which are of supportive nature & IT related. Cost of Non-IT equipments is estimated at Rs.4.49 cr. & that of IT related at 16.01 cr. (Quotations attached)
- c. Solar Photovoltaic Power Plant: The power supply in the area is very erratic and Data Center requires continuous uninterrupted power supply. With Genset using Diesel very costly, the SCB propose to install solar power plant. The cost of SPV will be Rs.1.41 Cr. (Quotations attached)
- d. Pre-operative Expenses: The components like license, consultancy charges & interest on NCDL loans etc. are included which works out to Rs.16.92 cr.

Operational Expenditure

Operational cost of the project include utilities, other misc. exp. etc. and has been worked out at Rs.0.74 cr. for one year.

(Details of Project cost at Annexure 2 to 4)

Means of Finance

The project is proposed to be financed by availing assistance from NCDL, which is extending financial assistance to cooperative societies, under CSISAC scheme for least developed states. The mode of finance is given below:

S.No	Item	Amount
1	Loan from NCDC(65%)	26.39
2	Subsidy(25%)	10.15
2	Own fund(10%)	4.06
	TOTAL	40.60

Period of Loan

Period of loan will be 8 years with one year moratorium for repayment of principal.

Security

The Bank will offer FDR/Govt. securities/State Guarantee as security for availing financial assistance from NCDC.

Implementation schedule

The project is to be implemented within a span of 1 year as per details below:

S.No	Details	Expected date of completion
1	Sanction by NCDC	xx.xx.xxxx
2	Execution of agreements	Within one month after sanction
3	Inviting Tender etc.	Within two month after sanction
5	Completion of Civil works	Within nine month after sanction
7	Arrival of equipments	Within fifteen days after completion of civil works.
8	Installation of equipments & Testing	Within one month of arrival of equipment
10	Final implementation	Within one year of sanction

Feasibility

After completion of the integration of the DCCBS, the Bank has seen a quantum jump in its business operations and has been able to earn a profit in the first year itself. With full scale computerization of the bank, it is expected that the Bank may be able to further increase its profitability by adding new services like facilitating payment of various utilities like electricity, water charges etc. Apart from the charges, this will also enable the Bank to invest the amount collected in call money market as the amount will

remain with the Bank upto 5 days. Already the bank has started facilitating the electricity payment, which will be extended to other services also.

Once completed, the project will be able to generate sufficient income to repay the loan and interest and will be economically viable. The project will have a DSCR of 2.55 & IRR of 23%. Assumptions for working out the profitability and detailed analysis on the profitability are at **Annexure-5 & 6**

SAMPLE

Annexure-1			
COST OF THE PROJECT			
A.	FIXED COST		
1	Building & Civil Works	1.03	
2	Data Center		
a	Equipments-IT	16.01	
b	Equipments-non-IT	4.49	
	Sub-Total	20.50	
3	SPV UNIT	1.41	
4	Pre-Op Exp.		
a	Licence & software	9.94	
b	Consultancy	3.98	
c	Others	3.00	
	Total	16.92	
	TOTAL	39.86	
B.	OPERATIONAL COST		
1	Electricity	0.44	
2	Diesel	0.05	
2	Misc. exp.	0.25	
	Total operational cost	0.74	
C	Total project cost	40.60	
D	Means of Finance		
1	Loan from NCDC	26.39	65%
2	Subsidy	10.15	25%
2	Own fund	4.06	10%
	TOTAL	40.60	100%

		Annex-2
ESTIMATES FOR DATA CENTRE - NON-IT COST		
S.No	Item	Cost(in cr.)
1	UPS	1.36
2	AC	0.62
3	Diesel Gen Set	0.01
4	LAN passive components	0.18
5	Site preparation	0.45
6	Electrical	0.26
7	Building Management system	0.17
8	Fire Suppressor & Detection s	0.21
9	Access control &CCTV	0.11
10	Audio, Video Solution	0.16
11	Water Leak detection system	0.07
12	Public Address System	0.16
13	Rodent Repellent System	0.01
14	TVSS	0.63
15	Fire proof Cabinet & Desktops	0.09
	TOTAL	4.49

Annexure-3		
ESTIMATES FOR DATA CENTRE - IT COST		
S.No	Item	Cost(in cr.)
1	Application Server	2.10
2	DB Server	3.60
3	SAN Storage	1.43
4	SAN switches	0.01
5	Tape Library	0.49
6	Web Server	0.45
7	Enterprise Access Server	0.15
8	Firewall Server	0.30
9	Management Server	0.15
10	Directory Server	0.30
11	Enterprise back up server	0.15
12	IDS Server	0.15
13	Staging Server	1.62
14	Integration Server	0.15
15	Racks	0.15
16	B/up software	0.03
17	Mid size router	0.19
18	Firewall	0.19
19	IPS	0.48
20	HIDS	0.30
21	Anti-virus software	0.10
22	Agg. Core switches	0.87
23	App switches	0.13
24	8 port KVM Swotch, 15" LCD	0.20
25	Security Management System	0.45
26	Network Management System	0.42
27	Data Center Integration Investment	0.10
28	Mail server	0.60
29	Syslog Server	0.15
30	Proxy server	0.60
	TOTAL	16.01

			Annexure-4
ASSUMPTIONS FOR WORKING OUT THE PROFITABILITY			
S.NO	Item	Assuption	Remarks
1	INCOME	30% increase	With merger of DCCBs, the new entity has jurisdiction over entire Jharkhand. Further, the S/Govt. is entrusting various services to JSCB
2	Profitability	1.50%	After the amalgamation, the Bank has earned a profit approximately 1% over its existing exp. With expected increase it is expected that the Bank may earn a profit margin of 1.5% its income at the existing expenditure
3	EXPENDITURE (Addl.)		
a	Salary & Wages	0	Since the Bank has already got sufficient technical hand no addl. Posts are proposed to be created
a	Electricity	0.44cr.	Total requirement 5000 unitper day out of which 40% to be obtained from JSEB @Rs.6/per unit with 5% increase., balance 60% to be derived from SPV
5	Diesel	0.05cr	Lumpsum for emergency with 5% increase
b	Misc. exp.	0.25cr.	Operating cost for SPV unit & misc. exp.
c	Depreciation	WDV	20% for IT, 10% for non-IT Data Centre & 5% for others
d	Interest on TL	10.98%	Monthly compounding
e	Insurance	1% of assets	
f	Repair & Maintena	1.5% of asset	

PROFITABILITY STATEMENT

Business Performance		(Rs in cr)				
SN	Particulars	FY1	FY2	% Growth	FY3	% Growth
1	Credit Business					
	l) Interest Income					
	a. Interest o loan	2.00	2.46	23.00%	20.30	725.20%
	b. Interest on investments	35.16	55.05	56.57%	124.83	126.76%
	Sub-Total	37.16	57.51	54.76%	145.13	152.36%
	ll) Other Income(Commission etc.)	4.29	1.12	-73.89%	138.01	
3	Total Income (Interest+ Other income)	41.45	58.63	41.45%	283.14	382.93%
3	Net Profit for the year	-5.08	-3.15		2.72	
4	% of N/Profit to Business	-12.26%	-5.37%		0.96%	

Reasonable Business Projections		(Rs in Cr.)							
SN	Particulars	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	6 Yr	7 Yr	8 Yr
1	Interest on loan	26.39	34.31	44.60	57.98	75.37	97.98	127.38	165.59
2	Interest on investments	162.28	210.96	274.25	356.53	463.49	602.53	783.29	1018.28
3	Other income	179.41	233.24	303.21	394.17	512.42	666.15	865.99	1125.79
	TOTAL INCOME	368.08	478.51	622.06	808.68	1051.28	1366.66	1776.66	2309.66

CASH FLOW STATEMENT

C PROFITABILITY									
SN	Particulars	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.	7th Yr.	8th Yr.
	Investments	40.60							
1	Expected Profit for Business (based on assumed N/P ratio of 1.5%)	5.52	7.18	9.33	12.13	15.77	20.50	26.65	34.64
2	Expenses								
	a) Maintenance Cost (1.5% of assets)	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
	c) Insurance (1% of assetscost)	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
	b) Interest 10.98% on T-Loan)	3.05	3.05	2.05	1.81	1.61	1.42	1.26	1.11
	d) Utilities	0.49	0.51	0.54	0.57	0.60	0.63	0.66	0.69
	e) Misc. exp.	0.25	0.26	0.28	0.29	0.30	0.32	0.34	0.35
	f) Depreciation On IT(20%)	3.20	2.56	2.05	1.64	1.31	1.05	0.84	0.67
	g) Depreciation on Non-IT(10%)	0.45	0.40	0.36	0.33	0.29	0.27	0.24	0.21
	h) Depreciation on Building & PVS(5%)	0.12	0.12	0.11	0.10	0.10	0.09	0.09	0.09
	d) Pre-Op.exp. To be written off	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69
	Total Expenses	9.83	9.17	7.66	7.01	6.48	6.04	5.68	5.39
3	Net Surplus(1 - 2)	-4.31	-1.99	1.67	5.12	9.29	14.46	20.97	29.26
4	Loan Repayment (in 7 Yrs)	0.00	3.77	3.77	3.77	3.77	3.77	3.77	3.77
6	DSCR (3+2c+2d)/(2c+2d)	0.83	0.53	0.99	1.54	2.27	3.26	4.59	6.36
7	Average DSCR	2.55							
8	Net Cash Flow for IRR (3+2c+2f+2g+2h-Investment)	-38.08	4.14	6.25	9.01	12.60	17.29	23.39	31.34
9	IRR	23%							