Agroservice Centre - Farm Machinery

Objectives:

- To enable Small Farmers, who cannot afford bullocks or other farm machinery, to hire services of Agro-service Centre for farm operations.
- To make available various farm machineries for custom hire at one place - single window.
- To make available services of Agro-Service Centre (ASC) for repair and maintenance of farm machinery owned by farmers.

2. Location and Area of Operation:

The project may be located in rural areas having sizeable number of farmers or area under a taluka/villages adjacent to a big Panchayat head quarters.

3. Project Components:

- Tractor (35 HP) with accessories like Trailer, MB Plough, cultivator, cage wheel, disc harrow, seed drill, etc.
- Power Tiller (13 HP)
- Pump set with accessories (5HP)
- Power Thresher, Winnower, Self propelled Reaper, Sprayer
- Tools, work shed, Insurance.

4. Project Cost: Rs.

A. Capital cost:

i. Tractor & accessories : Rs. 3,55,500/-
ii. Power Tiller : Rs. 1,00,000/-
iii. Pump set & accessories : Rs. 20,000/-
iv. Power Thresher & others : Rs. 1,80,900/-

Total : Rs. 6,56,400/-

B. Recurring Cost:

The recurring cost varies from 2.04 (75% utilisation during the first year) to Rs. 2.53 lakh (100% utilisation).
5. Margin (15%) : Rs. 0.98 lakh

6. Bank Loan : Rs. 5.58 lakhs

7. Rate of Interest : 14% p.a.

8. Repayment Period : 10 years (including 1 year's grace)

9. Income : Amount in Rupees

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Item</th>
<th>Income on 75% utilisation</th>
<th>Income on 100% utilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tractor</td>
<td>135,000</td>
<td>180,000</td>
</tr>
<tr>
<td>2.</td>
<td>Power Tiller</td>
<td>46,875</td>
<td>62,500</td>
</tr>
<tr>
<td>3.</td>
<td>Pumpset</td>
<td>26,250</td>
<td>35,000</td>
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<tr>
<td>4.</td>
<td>Power Thresher</td>
<td>3,375</td>
<td>4,500</td>
</tr>
<tr>
<td>5.</td>
<td>Winnower</td>
<td>1,688</td>
<td>2,250</td>
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<tr>
<td>6.</td>
<td>Reaper</td>
<td>30,000</td>
<td>40,000</td>
</tr>
<tr>
<td>7.</td>
<td>Sprayers</td>
<td>3,825</td>
<td>5,100</td>
</tr>
<tr>
<td>8.</td>
<td>Repairing</td>
<td>54,000</td>
<td>72,000</td>
</tr>
<tr>
<td>9.</td>
<td>Machinery</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total 3,01,013 4,01,350

10. Economics of the Project:

   a. Net Present Worth : Rs. 1.45 lakhs
   b. Benefit Cost Ratio : 1.08 : 1
   c. Internal Rate of Return : 23%

11. Other Information :

    Mechanisation of agricultural operations helps in :
    
    - Increasing production, productivity and profitability in agriculture by achieving timeliness in farm operations;
    - Increasing utilisation efficiency of costly inputs (seeds, chemical fertilisers, irrigation water) thus reducing unit cost of produce;
    - Increasing cropping intensity and additional employment generation at farmers level;
    - Remove drudgery in farm operations.
    - Employment generation through setting up of agro clinics on farm machinery.
Note:

- Physical components can be modified depending upon the entrepreneurial assessment.
- Margin of 15% is assumed, but the actual margin will be as per the discretion of the banks.
- The rate of interest will be as per banks’ discretion though here it has been taken at 14%.
- Similarly, the other economic/financial parameters such as the repayment period, DSCR, IRR, etc., may also vary depending upon the margin, interest rate, etc., taken into account by the bank.