PROJECT REPORT FOR

RURAL GODOWN

Prepared for

Promoter's Name:

Xxxxxxxxxxxxx

Project Location:

xxxxxxxxxxxxx

Prepared By:

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C O N T E N T S

CHAPTER - I

ABOUT THE PROMOTER

PARTICULARS	ABOUT THE PROMOTER
1. Name	: -xxxxxxxxxxxxxx
2. Address	: -xxxxxxxxxxxx
3. Project Location	: - xxxxxxxxxxx
4. Date of Birth	: - xxxxxxxxxxxxxx
5 PAN	:xxxxxxxxxxxxxxxxxxxx
6 Adhar No	: xxxxxxxxxxxxxxx
7. Constitution	: - xxxxxxxxxxxxxx

CHAPTER – II

PROJECT DESCRIPTION

Introduction

India has become self-sufficient in food grains and achieved a remarkable growth in the production of pulses, oil seeds and fibres to meet the requirements of the country. Although our farming community toiled hard, the small and marginal segment of farmers could not get real benefit of the growth in the economy due to either non availability of adequate storage infrastructure within the vicinity of production areas poor access to the godowns. This situation has forced them to dispose the produce at farm gate at a price determined by the middlemen/merchants/commission agents. Only a handful of influential farmers who have the infrastructure to overcome the market fluctuations, could derive the benefits.

Further, as the small and marginal farmers, who generally remain outside the purview of formal financing institutions depends heavily on the borrowed money from money lenders for the agricultural operations. Not only the borrowings are at an unreasonably high rate of interest but they are forced to sell their produce immediately after the harvest at very low rate. Thus, the farmers lose heavily on their investments. This vicious cycle is recurring year after year making the farmers poorer. The creation of small storage facilities, through construction of grain godowns, in villages may be a remedy for the farmers, who not only can store their own produce, but also provide storage space for rentals.

Therefore, the model scheme for setting up rural godown of small sizes in rural areas needs to be financed by the banks on larger scale so as to provide relief to the small and marginal segment of farmers, who remain vulnerable not only to the climate vagaries, but also to the market fluctuations.

REQUIREMENTS OF STORAGE STRUCTURE

The object of an storage structure is to control and reduce the storage loses from rodents, insects and micro-organisms, birds, moisture and heat to a minimum. In designing and constructing a storage structure following points will be borne in mind:

1. All holes, pipes and ducts and other openings will be guarded by suitable means, such as gratings, etc., in order to prevent the entry of rats and other vermin.
2. The structure will have smooth, crack free internal surfaces and will have no unnecessary cavities and projections to prevent the lodgment from insects and vermin. Periodical fumigation and other treatments would be done to eliminate infestation of grains by insects, fungus etc. The structure will be designed so as to facilitate its sealing for fumigation or have facility to seal a portion where fumigation has to be carried out, or it may be made completely airtight if required.

3. Godows will have good ventilation arrangement to prevent moisture accumulation in pockets.
4. The structure will be designed to make it possible to control moisture. Moisture may be controlled by adopting methods of construction using non-hygroscopic material, by sound wall, roof and floor construction, by the use of vapour barriers, and by the use of aeration.
5. The structure will be so oriented that it will receive the minimum solar radiation. Reflective external surfaces, insulating materials, sun shades, a minimum of glass surfaces, controlled ventilation and aeration, to reduce the internal temperature may be used.

LOCATION

The structure shall be located on a raised well-drained site, not liable to flooding or inundation and it shall be away from a place likely to be affected by seepage water.

MARKET POTENTIAL & STRATEGY

The demand drivers considered for the warehousing market are the manufacturing and consumption sectors. The manufacturing sector-led demand comprises the requirements arising from the need for the storage of raw materials and finished products from industries such as automobiles, cement, and food processing, among others. In terms of consumption-led demand, all product categories, ranging from apparel and footwear to home and lifestyle, have been considered.

The Indian logistics industry was estimated to be approximately $160 bn in FY17. The key segments include road, rail, coastal, warehousing, cold chain and container freight stations, and inland container depots (CFS/ ICD). The domestic logistics market is expected to grow at a CAGR of approximately 10%. The Indian logistics market is expected to be driven by the growth in the manufacturing, retail, FMCG, and e-commerce sectors. Development of logistics-related infrastructures such as dedicated freight corridors, logistics parks, free trade warehousing zones, and container freight stations are expected to improve efficiency. The industry is dominated by transportation, which accounts for over85% of total value, and its share is expected to remain high over the next few years.

The sector employs more than 22 million people. Improving the logistics sector has a significant bearing on exports and media sources estimate that an increase in indirect logistics cost could potentially increase 5-8% of exports.

III. ECONOMICS OF THE PROJECT

A. PROJECT PROFILE (Financial)

Sr. No.	Parameters	Value
1	Unit Size (MT)	5,000
2	Services	Rural Godown rental services
3	Cost of the project	47,10,000
4	Bank loan	37,68,000
5	Margin money	9,42,000
6	Financial Indicators	
	B C R	1.88 :1
	N P W 15% (Rs.)	63,39,126
	I R R %	54.41
	Average DSCR	3.4
7	Interest Rate (% per annum)	11.65
8	Repayment	10 years plus one year grace period

B. BASIS & PRESUMPTIONS

Sr. No.	Particular
I.	**Assumptions for financial analysis**
1	20% capacity shall be used for storage of own produce or own trading
2	70% capacity for rent
3	Maximum capacity utilisation at 90%
4	Maximum storage for 10 months
5	Financial analysis is considered for agri produce storage
6	Cost of construction – Rs.5000 per MT
7	Bank Loan – 80%
8	Interest rate – 11.65 %
9	Repayment period – 10 years plus one year grace period

C. TOTAL COST OF PROJECT

Sr. No.	Particular	Unit	Unit Rate	Quantity	Amount
I.	**Capital Cost**				
1	Land				Own
2	Site development				50,000
3	Civil Structures for construction of Rural Godown (250 MT capacity)	Rs./MT	750	5,000	37,50,000
4	Preliminary & Preoperative expenses	%	5		1,90,000
					39,90,000
II.	**Recuring Cost** (For 1st year)				
1	Salaries (Self managed)	Rs./month	50,000	12	6,00,000
2	Maintenance/insurance expenses	Rs./month	10,000	12	1,20,000
					7,20,000
	TOTAL COST OF PROJECT				**47,10,000**

D. MEANS OF FINANCE

Sr.No.	Particular	Unit	Quantity	Amount
1	Term loan	%	80	37,68,000
2	Own contribution	%	20	9,42,000
			TOTAL	**47,10,000**
3	Subsidy entitlement from NABARD (@ 25% total cost)			**11,77,500**

E. PROJECTION OF PERFORMANCE & PROFITABILITY

Sr. No.	Particular	Unit	I Year	II Year	III Year	IV Year	V Year	VI Year	VII Year	VIII Year	IX Year	X Year	XI Year
I.	**Income**												
a	Capacity	MT	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
b	Capacity Utilization - Own Produce	%	20	20	20	20	20	20	20	20	20	20	20
c	Capacity Utilization - For Rent	%	40	60	70	70	70	70	70	70	70	70	70
d	Capacity Utilization - Own Produce	MT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
e	Capacity Utilization - For Rent	MT	2,000	3,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
f	Price margin from own produce (@ Rs. 800/ MT)	Rs.	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000	8,00,000
g	Rental Charges (@ Rs. 500/ MT)	Rs.	10,00,000	15,00,000	17,50,000	17,50,000	17,50,000	17,50,000	17,50,000	17,50,000	17,50,000	17,50,000	17,50,000
h	Interst on Subsidy (@ 6%)		70,650	70,650	70,650	70,650	70,650	70,650	70,650	70,650	70,650	70,650	0
i	Subsidy from NABARD		0	0	0	0	0	0	0	0	0	0	11,77,500
		TOTAL (A)	**18,70,650**	**23,70,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**37,27,500**
II.	**Expenditure**												
a	Salaries (Self managed)	Rs.	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000
b	Maintenance/insurance expenses (@ Rs. 10,000 per month)	Rs.	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000
		TOTAL (B)	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**
III.	**Net Income**	**TOTAL (A-B)**	**11,50,650**	**16,50,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**30,07,500**

F. Financial Analysis

Particulars	I year	II year	III year	IV year	V year	VI year	VII year	VIII year	IXyear	X year	XI year
Capital Costs	39,90,000										
Recurring cost	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000	7,20,000
Total Cost	**47,10,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**	**7,20,000**
Benefit	18,70,650	23,70,650	26,20,650	26,20,650	26,20,650	26,20,650	26,20,650	26,20,650	26,20,650	26,20,650	37,27,500
Depreciated value of buildings etc. @ 10%											21,95,625
Total Benefit	**18,70,650**	**23,70,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**26,20,650**	**59,23,125**
Net Benefit	**-28,39,350**	**16,50,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**19,00,650**	**52,03,125**
Discounting Factor@ 15%	0.87	0.76	0.66	0.57	0.50	0.43	0.38	0.33	0.28	0.25	0.21
NPV cost at 15% DF	40,97,700	5,47,200	4,75,200	4,10,400	3,60,000	3,09,600	2,73,600	2,37,600	2,01,600	1,80,000	1,51,200
NPV benefits at 15% DF	16,27,466	18,01,694	17,29,629	14,93,771	13,10,325	11,26,880	9,95,847	8,64,815	7,33,782	6,55,163	12,43,856
NPW at 15% DF	**63,39,126**										
BCR at 15% DF	**1.88 :1**										
IRR %	**54.41**										

G. Term Loan Repayment

Rate of interest - % per annum **:** 11.65

Opening balance of term loan **:** 37,68,000

Year	Loan Outstanding	Net Income	Principal	Interest	Total Repayment	Net Surplus	DSCR
1	37,68,000	11,50,650	0	4,38,972	4,38,972	7,11,678	0.0
2	37,68,000	16,50,650	3,76,800	4,38,972	8,15,772	8,34,878	2.0
3	33,91,200	19,00,650	3,76,800	3,95,075	7,71,875	11,28,775	2.5
4	30,14,400	19,00,650	3,76,800	3,51,178	7,27,978	11,72,672	2.6
5	26,37,600	19,00,650	3,76,800	3,07,280	6,84,080	12,16,570	2.8
6	22,60,800	19,00,650	3,76,800	2,63,383	6,40,183	12,60,467	3.0
7	18,84,000	19,00,650	3,76,800	2,19,486	5,96,286	13,04,364	3.2
8	15,07,200	19,00,650	3,76,800	1,75,589	5,52,389	13,48,261	3.4
9	11,30,400	19,00,650	3,76,800	1,31,692	5,08,492	13,92,158	3.7
10	7,53,600	19,00,650	3,76,800	87,794	4,64,594	14,36,056	4.1
11	3,76,800	30,07,500	3,76,800	43,897	4,20,697	25,86,803	7.1
						Avg. DSCR	**3.4**