

PROJECT REPORT FOR
AGRO SERVICE CENTRE



PREPARED FOR

XXXXXXXXXXXXXXXXXXXXXXXXXX

PROJECT LOCATION

XXXXXXXXXXXXXXXXXXXXXXXXXX

PREPARED BY:

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I. PROJECT AT A GLANCE

1. Name of Promoter : xxxxxxxxxxxxxxxxxxxxxxxx
- Address : xxxxxxxxxxxxxxxxxxxxxxxx
2. Project Cost : Rs. 12.50 Lakhs
3. Mean of Finance
- A) T. L. facility from Bank : Rs. 11.25 Lakhs
- B) Own contribution : Rs. 1.25 Lakhs
4. Rate of Interest : 10.00% Per Annum
5. Repayment : 84 monthly instalments @ Rs. 0.19 Lakhs EMI
6. Nature of Project : Krushi Seva Kendra
7. Employment Potential : 2 Nos.
8. Nature of the Firm : Co- operative Society
9. Average Debt Coverage ratios : **2.16**

CHAPTER – II

PROJECT DESCRIPTION

Introduction

Agriculture and agro-based industries account for 25 per cent of India's GDP. More significantly, over 60 per cent of the country's population is engaged in this activity

Considering the heavy dependence of Indian agriculture on rainfall and the extensive dispersal of cropping areas, timely and convenient availability of inputs is a critical factor for attaining production targets. Hence there is wide scope for production and promotion of agriculture inputs for protection of crops. Three-fourth of India's population is rural whose main occupation and profession is agriculture and allied activities. Also India is endowed with varied agro-climate, which facilitates production of temperate, sub-tropical and tropical agricultural commodities. There is growing demand for agricultural inputs like feed and fodder, inorganic fertilizers, bio-fertilizers, Seeds, hybrid and genetically modified crops etc. The enhanced agricultural production throws open opportunities for the Agro Service Centre Units.

Traditionally, Indian farmers adopted Integrated Farming System approach for their livelihood. With industrialization, farmers were forced to become commodity farmers. Though, agro-climatic conditions are primarily responsible for the existence of particular crops and cropping pattern, industrialization, commercialization and mechanization have also played a major role in farmers' decision making for growing particular crop or adopting a particular farming system.

Farmers fortune dependence on agriculture inputs.

CHAPTER – III

MARKET POTENTIAL

The Indian agriculture industry is facing challenges to improve productivity to cater to the food as well as the energy requirements of the ever-increasing population. This coupled with higher agro-commodity prices, is likely to maintain a healthy demand for agriculture inputs in the coming years.

Consumption of agriculture inputs is steadily growing and they continue to grow creating lots of opportunities for the marketers. India is the fourth-largest producer of agrochemicals in the world after the United States, Japan, and China.

The market size of Indian agro- chemicals industry is expected to more than double to Rs. 250 billion by 2017 on rising agri production and increasing awareness among farmers. Currently, the market size of the sector is at Rs.10 billion. In the wake of increasing agricultural production and awareness among farmers about the use of insecticides and pesticides, the demand is bound to grow.

Per capita pesticide consumption of less than 500 gm of per hectare is far below the world average of about 3 kg per hectare. Because of low level of consumption, the usage is going to increase dramatically. Huge demand is there in the Indian market. With increased awareness, the use of agrochemicals will also increase.

Government is also playing a very active role in the evolution, marketing and development of agriculture input industry in India.

With increasing focus on scaling up of productivity and preventing crop losses to feed a billion plus population with limited land resources, the reliance on agriculture inputs are only going to rise.

CHAPTER – IV

SWOT ANALYSIS

Strengths:

- Agricultural inputs are most essential for farmers and hence not much of marketing effort is required
- Shift from sustenance farming to commercialization of farming increases requirements of agricultural inputs
- Agricultural educational background of entrepreneur helps to get confidence of farmers on the services offered
- Providing advisory services to farmers on new technologies helps to retain the clients base

Opportunity

- Usage of agrochemicals is increasing
- Farmers incomes are rising
- Consumption of fertilizers is increased due to government subsidy
- Economic liberalization has major positive impact.
- New and effective products are reaching Indian markets
- Irrigated area is rising

Weakness

- Farmers dependent on monsoons, limits possibilities of high growth.
- Farmers low education level
- Lack of availability of easy finance
- Lack of sufficient irrigation infrastructure
- Inadequate distribution network
- Unavailability of raw materials
- Fertilizer is one of the most capital intensive industries, its marketing ecosystem is most complex in Indian context
- Prices, subsidies, distribution restrictions, imports, choice of technology, stocks of fertilizers are controlled and regulated by the Government

Threats

- Natural calamities
- Unpredictable demand
- Changes in Government policies
- Weak inspection and enforcement of standards

V. ECONOMICS OF THE PROJECT

A. COST OF PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
1	Shop (Already Existing)	-	-	-
2	Furniture & Interior	0.50	-	0.50
3	Computer printer & Software	1.50		1.50
4	Licenses & Documentations	0.50		0.50
5	Working Capital	10.00	-	10.00
		<hr/>		
		12.50	-	12.50
		<hr/>		

Means of Finance :

a) Own Contribution (10%)	1.25
b) T L facility from Bank (90%)	11.25

12.50

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Sales	15.50	17.05	18.76	20.63	22.69	24.96	27.46
	Add : Increase in Cl.Stock	2.11	0.14	0.22	0.25	0.27	0.30	0.33
	Total Turnover	17.61	17.19	18.98	20.88	22.97	25.26	27.79
2	Material Purchase	8.42	8.97	9.87	10.86	11.94	13.14	14.45
3	Overheads							
	a) Direct	2.18	2.40	2.54	2.66	2.90	3.04	3.19
	b) Indirect	1.02	1.12	1.23	1.30	1.36	1.43	1.50
4	Balance	5.98	4.69	5.34	6.06	6.76	7.65	8.64
5	Interest on TL & CC	1.07	0.95	0.81	0.67	0.50	0.32	0.12
6	Depreciation	0.30	0.26	0.22	0.18	0.16	0.13	0.11
7	Preliminary expenses W/off	-	-	-	-	-	-	-
8	Profit after Interest & Dep.	4.61	3.49	4.30	5.21	6.11	7.20	8.41
9	Income Tax	0.46	0.35	0.43	0.24	0.42	0.64	0.88
10	Profit after Tax	4.15	3.14	3.87	4.97	5.69	6.56	7.53
11	Add: Depreciation & Pre Exp.	0.30	0.26	0.22	0.18	0.16	0.13	0.11
12	Add : Interest on TL & CC	1.07	0.95	0.81	0.67	0.50	0.32	0.12
13	Cash Accruals	5.52	4.35	4.91	5.82	6.34	7.01	7.76
14	Instalments of TL & Interest	2.24	2.24	2.24	2.24	2.24	2.24	2.24
15	DSCR	1.96	1.44	1.69	2.10	2.33	2.63	2.96
16	Average DSCR	2.16						
17	N.P. to Total receipts	26.78	18.42	20.66	24.09	25.06	26.29	27.42

C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
A CASH INFLOW :								
1	Collection from Debtors	14.85	16.34	17.97	19.77	21.75	23.92	26.32
2	T.L. from Bank	11.25						
3	CC from bank	-						
4	Capital	1.25	-	-	-	-	-	
	TOTAL (A)	27.35	16.34	17.97	19.77	21.75	23.92	26.32
B CASH OUTFLOW :								
1	Fixed Assets	2.50	-	-	-	-	-	-
2	Payment to creditors	7.04	8.88	9.72	10.70	11.77	12.94	14.24
3	Direct overheads	2.18	2.40	2.54	2.66	2.90	3.04	3.19
4	Indirect Overheads	1.02	1.12	1.23	1.30	1.36	1.43	1.50
5	Interest on Bank Loan	1.07	0.95	0.81	0.67	0.50	0.32	0.12
6	Income Tax	0.46	0.35	0.43	0.24	0.42	0.64	0.88
7	Term Loan Repayment	1.17	1.29	1.43	1.58	1.74	1.92	2.12
8	Drawings	0.20	0.22	0.24	0.27	0.29	0.32	0.35
	TOTAL (B)	15.64	15.21	16.41	17.40	18.98	20.62	22.41
SUMMARY:								
	Op. Cash & Bank Balance.	-	11.72	12.84	14.41	16.77	19.54	22.85
	Add : Surplus / (Deficit)	11.72	1.13	1.56	2.37	2.77	3.31	3.91
	Cl. Cash & Bank Balance.	11.72	12.84	14.41	16.77	19.54	22.85	26.76

D. BALANCE SHEET

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
A	ASSETS :							
1	Fixed Assets	2.20	1.95	1.73	1.54	1.39	1.25	1.14
2	Investments	-	-	-	-	-	-	-
3	Current Assets	14.47	16.44	19.01	22.49	26.47	31.12	36.50
4	Loans & Advances	-	-	-	-	-	-	-
	TOTAL (A)	16.67	18.39	20.74	24.03	27.86	32.37	37.64
B	LIABILITIES:							
1	Capital	5.20	8.12	11.75	16.46	21.85	28.09	35.27
2	Secured loans							
	Term Loan	10.08	8.79	7.36	5.79	4.05	2.12	0.00
3	Sundry Creditors	1.38	1.48	1.62	1.78	1.96	2.16	2.38
4	Current Liabilities							
	Cash Credit	-	-	-	-	-	-	-
	TOTAL (B)	16.67	18.39	20.74	24.03	27.86	32.37	37.64

(Rs. Lacs)

E. CAPITAL ACCOUNT

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Op. Balance	-	5.20	8.12	11.75	16.46	21.85	28.09
2	Additions	1.25	-	-	-	-	-	-
3	Net Profit for the year.	4.15	3.14	3.87	4.97	5.69	6.56	7.53
	Sub Total	5.40	8.34	12.00	16.72	22.14	28.41	35.62
4	Less : Drawings	0.20	0.22	0.24	0.27	0.29	0.32	0.35
5	Cl. Balance	5.20	8.12	11.75	16.46	21.85	28.09	35.27

(Rs. Lacs)

F. SALES

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Sales per annum (Seeds,Fertilizers,Insecticides & Pesticides,Agricultural	15.50	17.05	18.76	20.63	22.69	24.96	27.46
2	Total Sale	15.50	17.05	18.76	20.63	22.69	24.96	27.46
3	Sundry Debtors (Credit period allowed 15 days)	0.65	0.71	0.78	0.86	0.95	1.04	1.14
4	Collection from Debtors	14.85	16.34	17.97	19.77	21.75	23.92	26.32

(Rs. Lacs)

G. MATERIAL CONSUMPTION AND INVENTORY

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Sale of material	16.00	17.05	18.76	20.63	22.69	24.96	27.46
2	Purchases of Material (Seeds,Fertilizers,Insecticides & Pesticides,Agricultural equipments & implements)	8.42	8.97	9.87	10.86	11.94	13.14	14.45
3	Sundry Creditors (Assume 60 day Credit Period allowed)	1.38	1.48	1.62	1.78	1.96	2.16	2.38
4	Payment to creditors	7.04	8.88	9.72	10.70	11.77	12.94	14.24
5	Stock of Material	2.11	2.24	2.47	2.71	2.99	3.28	3.61

Project Report on Agro Service Center

(Rs. Lacs)

H. DIRECT OVERHEADS

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Staff Salary (Monthly salary- Rs. 7,000/- per staff) (No. of staff- 2)	1.68	1.85	1.93	2.03	2.23	2.34	2.46
2	Other Overheads	0.50	0.55	0.61	0.64	0.67	0.70	0.74
	Total	2.18	2.40	2.54	2.66	2.90	3.04	3.19

(Rs. Lacs)

I. INDIRECT OVERHEADS

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Travelling & Conveyance	0.25	0.28	0.30	0.32	0.33	0.35	0.37
2	Electricity Expenses (Off.)	0.15	0.17	0.18	0.19	0.20	0.21	0.22
3	Telephone Expenses	0.12	0.13	0.15	0.15	0.16	0.17	0.18
4	Misc. Expenses	0.50	0.55	0.61	0.64	0.67	0.70	0.74
		1.02	1.12	1.23	1.30	1.36	1.43	1.50

J. TERM LOAN REPAYMENT AND INTEREST THEREON

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	TL / Op. Bal.	11.25	10.08	8.79	7.36	5.79	4.05	2.12
2	Repayment during the year	1.17	1.29	1.43	1.58	1.74	1.92	2.12
3	Cl. Balance	10.08	8.79	7.36	5.79	4.05	2.12	0.00
4	Interest at 10 per cent p.a.	1.07	0.95	0.81	0.67	0.50	0.32	0.12
5	Total repayment with Interest	2.24	2.24	2.24	2.24	2.24	2.24	2.24
6	Interest on CC (at 12 per cent p.a.)	-	-	-	-	-	-	-
	Total Interest	1.07	0.95	0.81	0.67	0.50	0.32	0.12

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				11.25
1	0.19	0.09	0.09	11.16
2	0.19	0.09	0.09	11.06
3	0.19	0.09	0.09	10.97
4	0.19	0.09	0.10	10.87
5	0.19	0.09	0.10	10.78
6	0.19	0.09	0.10	10.68
7	0.19	0.09	0.10	10.58
8	0.19	0.09	0.10	10.48
9	0.19	0.09	0.10	10.38
10	0.19	0.09	0.10	10.28
11	0.19	0.09	0.10	10.18

12	0.19	0.08	0.10	10.08
First Year	2.24	1.07	1.17	
13	0.19	0.08	0.10	9.98
14	0.19	0.08	0.10	9.87
15	0.19	0.08	0.10	9.77
16	0.19	0.08	0.11	9.67
17	0.19	0.08	0.11	9.56
18	0.19	0.08	0.11	9.45
19	0.19	0.08	0.11	9.34
20	0.19	0.08	0.11	9.23
21	0.19	0.08	0.11	9.13
22	0.19	0.08	0.11	9.01
23	0.19	0.08	0.11	8.90
24	0.19	0.07	0.11	8.79
Second Year	2.24	0.95	1.29	
25	0.19	0.07	0.11	8.68
26	0.19	0.07	0.11	8.56
27	0.19	0.07	0.12	8.45
28	0.19	0.07	0.12	8.33
29	0.19	0.07	0.12	8.21
30	0.19	0.07	0.12	8.09
31	0.19	0.07	0.12	7.98
32	0.19	0.07	0.12	7.86
33	0.19	0.07	0.12	7.73
34	0.19	0.06	0.12	7.61
35	0.19	0.06	0.12	7.49
36	0.19	0.06	0.12	7.36
Third Year	2.24	0.81	1.43	
37	0.19	0.06	0.13	7.24
38	0.19	0.06	0.13	7.11
39	0.19	0.06	0.13	6.98
40	0.19	0.06	0.13	6.86
41	0.19	0.06	0.13	6.73
42	0.19	0.06	0.13	6.60
43	0.19	0.05	0.13	6.46
44	0.19	0.05	0.13	6.33
45	0.19	0.05	0.13	6.20
46	0.19	0.05	0.14	6.06
47	0.19	0.05	0.14	5.93
48	0.19	0.05	0.14	5.79
Fourth Year	2.24	0.67	1.58	
49	0.19	0.05	0.14	5.65
50	0.19	0.05	0.14	5.51
51	0.19	0.05	0.14	5.37
52	0.19	0.04	0.14	5.23
53	0.19	0.04	0.14	5.08
54	0.19	0.04	0.14	4.94
55	0.19	0.04	0.15	4.79
56	0.19	0.04	0.15	4.65
57	0.19	0.04	0.15	4.50
58	0.19	0.04	0.15	4.35
59	0.19	0.04	0.15	4.20
60	0.19	0.03	0.15	4.05

Fifth Year	2.24	0.50	1.74	
61	0.19	0.03	0.15	3.89
62	0.19	0.03	0.15	3.74
63	0.19	0.03	0.16	3.58
64	0.19	0.03	0.16	3.43
65	0.19	0.03	0.16	3.27
66	0.19	0.03	0.16	3.11
67	0.19	0.03	0.16	2.95
68	0.19	0.02	0.16	2.79
69	0.19	0.02	0.16	2.62
70	0.19	0.02	0.16	2.46
71	0.19	0.02	0.17	2.29
72	0.19	0.02	0.17	2.12
Six Year	2.24	0.32	1.92	
73	0.19	0.02	0.17	1.96
74	0.19	0.02	0.17	1.78
75	0.19	0.01	0.17	1.61
76	0.19	0.01	0.17	1.44
77	0.19	0.01	0.17	1.26
78	0.19	0.01	0.18	1.09
79	0.19	0.01	0.18	0.91
80	0.19	0.01	0.18	0.73
81	0.19	0.01	0.18	0.55
82	0.19	0.00	0.18	0.37
83	0.19	0.00	0.18	0.19
84	0.19	0.00	0.19	0.00
Seven Year	2.24	0.12	2.12	

K. CURRENT ASSETS

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Cl. Stock of Materials	2.11	2.24	2.47	2.71	2.99	3.28	3.61
	Total Inventory	2.11	2.24	2.47	2.71	2.99	3.28	3.61
2	Cash and bank Balance	11.72	12.84	14.41	16.77	19.54	22.85	26.76
3	Sundry Debtors	0.65	1.36	2.14	3.00	3.94	4.98	6.13
	Total	14.47	16.44	19.01	22.49	26.47	31.12	36.50

L. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Furniture & Interior							
	Op. Balance	-	0.43	0.36	0.31	0.26	0.22	0.19
	Additions	0.50	-		-			
	Total	0.50	0.43	0.36	0.31	0.26	0.22	0.19
	Less : Depreciation	0.08	0.06	0.05	0.05	0.04	0.03	0.03
	Cl. WDV	0.43	0.36	0.31	0.26	0.22	0.19	0.16
2	Computer printer & Software							
	Op. Balance	-	1.28	1.08	0.92	0.78	0.67	0.57
	Additions	1.50	-		-			
	Total	1.50	1.28	1.08	0.92	0.78	0.67	0.57
	Less : Depreciation	0.23	0.19	0.16	0.14	0.12	0.10	0.08
	Cl. WDV	1.28	1.08	0.92	0.78	0.67	0.57	0.48
3	Licenses & Documentations							
	Op. Balance	-	0.50	0.50	0.50	0.50	0.50	0.50
	Additions	0.50	-		-			
	Total	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	Less : Depreciation	-	-	-	-	-	-	-
	Cl. WDV	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	Total Depreciation	0.30	0.26	0.22	0.18	0.16	0.13	0.11
	Cl. WDV	2.20	1.95	1.73	1.54	1.39	1.25	1.14

M. WORKING CAPITAL

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Total Current Assets	14.47	16.44	19.01	22.49	26.47	31.12	36.50
2	Total Current Liabilities	1.38	1.48	1.62	1.78	1.96	2.16	2.38
3	Working Capital	13.08	14.97	17.39	20.70	24.51	28.96	34.12