

PROJECT REPORT FOR
TRACTOR HIRING SERVICE



Prepared for

XXXXXXXXXXXXXXXXXXXXXX

Project Location

XXXXXXXXXXXXXXXXXXXXXX

PREPARED BY:

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I. PROJECT AT A GLANCE

1. Name and address of Promoter : Name- xxxxxxxxxxxxxxxxxxxxxxxx
Add:xxxxxxxxxxxxxxxxxxxxxxxxxxxx
2. Project Cost : Rs. 14.37 Lakhs
3. Mean of Finance
 - A) Promoter contribution : Rs. 14.37 Lakhs
 - B) Subsidy : Rs. 8.62 Lakhs
4. Nature of Project : Tractor Hiring Services
5. Employment Potential : 1Nos
6. Nature of the Firm : Proprietorship Firm
7. Debt Coverage Ratio : **1.96**

ABOUT OF PROJECT

INTRODUCTION :

Farm equipment rental is defined as the service industry which mainly provides farm equipment to end-users on a rental basis. The rental agreement is specified under some terms and condition and signed by both the parties before the contract. Increasing usage of farm equipment in various function such as plowing & cultivating, sowing & planting plant protection & fertilizing. among others, and rising demand from a various application such as farm and forest farm are some of the major factors which affect the growth of the market in future.

BACKGROUND:

The growth of the rental farm equipment market is driven by the growing need to reduce the ancial burden on farmers. Farm equipment such as large farm tractors, harvesters, mowers berlers, conditioners, threshing expment, and tillage equipment are quite expensive for the Summers. However, de farm equipment rental companies case up the financial burden be offering the equipment affordable leng rates firm equipment rental services all Cast benefits to forrores and help tin transforme agriculture through mechanzation.

ORGANISATION DETAILS:

Rajeram Maharaj Shetkari Bachat Gat is a Self Help Group and engaged in the Farming related Activities and with this Project will engage in Renting of Farm Equipments Facility to support their Members with multi facilities at Effective and Efficient Pricing Policy. This Bachat Gat is Established in Wadura, Taluka Chandur Bazar, District Amravati.

ASSUMPTIONS:

- Depreciation is charged on WDV basis
- 100 % of the Investment is financed in the form of Self Contribution by Promoters.
- These Financial Projections are prepared based on the estimations made on the basis of information given & documents produced before us.
- This Project Report is only for Bachat Gat.
- Depreciation Rate is Considered 15% on Tractor an Equipments and 10% on Building.
- Actual Expenditure may vary from this Projection.

ADVANTAGES OF MODERN TRACTORS :

1. Modern Tractors are typically designed with powerful engines to run over rough terrain and pull extremely heavy loads, making them effective in tough farming or landscape tasks. Modern tractors also come with cast iron front axles for extra strength and durability.

2. Powerful engine features full-pressure lubrication for long life
3. Frame made of full-length welded steel for reliability
4. Automatic transmission makes it easy to choose the exact travel speed for each operating condition
5. Mid-frame design for support and strength
6. Premium cab for the ultimate operating experience
7. Power bulge and torque reserve pull through the tough spots
8. Heavy-duty 3-point hitch lift capacity for implement versatility

BENEFITS OF LEASING FARM EQUIPMENTS :

1. Provides Immediate Use of Equipment

Every farmer knows revenues for each crop cycle only go so far, and business is only as booming as the latest harvest. Because of this, farmers need working machinery at all times without the threat of breakdowns or interruptions of work. One missed day of work can have large consequences, especially since farming is such a time-sensitive sector. Going through a traditional loan approval process and putting up a down payment to purchase equipment can take time-time that farmers don't have. Leasing offers a convenient and expedited way to accomplish daily tasks to keep the farm running.

2. Cheaper Payments.

Compared to a standard loan from a financial institution, equipment leasing is much cheaper, which makes it easier for small and local farmers to afford Adequate financing to purchase equipment is typically harder to find and comes with more stringent lending restrictions But by leasing, farmers can negotiate more flexible terms and make smaller payments over several years.

3. Find The Equipment That Works

Since it's not always easy to be confident if a piece of machinery is going to be right for the job, leasing allows farmers to try out equipment without having to make an outright purchase. If it turns out that a particular tractor isn't what a farmer had in mind, then being the sole owner of that machine could make the investment not as worthwhile. In addition, some projects only require short-term use of equipment, for which ownership isn't really a necessity. Leasing makes it easier to connect a needed machine to a specific task. And with crop cycles based on seasonal weather patterns, leasing seasonal equipment could be preferable than owning year-round machines that may not be used as much in the future.

4. Keep Up With Latest Technology

As is the case with new innovations, farm equipment has progressively gotten more advanced throughout time. But what if a farmer buys a harvester one day only to find that in a few years, the equipment is no longer on the cutting edge and isn't quite capable of facing the new real world problems that have arisen? A farmer who purchased the equipment would be stuck with a machine that isn't suited to the times, and the resale value would further plummet, making the investment a poor one. On the other hand, equipment that is leased is typically used for shorter amounts of time, which allows farmers to choose the latest technology for their purposes. Not only does this keep business moving right along, but it enables farmers to get hands-on experience with the most recent advancements in their chosen field.

5. Works Better With Cash Flow

Optimal cash flow is a common struggle among smaller farmers, and affording a large down payment and the debt tied up into owning a machine can simply be too costly. However, leasing allows farmers to free up their working capital to be used on other projects, which promotes business growth and new opportunities. Particularly in low interest rate environments, lease payments are more fitted to the actual business needs of farmers.

6. Tax Deductions

Equipment that is leased can be written off on annual tax returns under Section 179. By reducing tax burdens, farmers have more money to be used elsewhere. And while equipment owners can also utilize Section 179, those who lease equipment stand to gain just as well because they don't have to pay as much on the principal balance.

CONCLUSION :

Given the numbers and the projections contained in this business plan, This is a feasible project. Careful management of costs will be prudential in making a profitable venture out of this business plan. The strategy must be adhered to and quality maintained at exceptional levels to beat difficulties and claim a profitable market share.

Customization of Farm is a new concept in the region and will be the greatest strength to make the business successful since the customers will be given an experience they cannot get anywhere else. This is bound to create loyalty among the customers and build a strong local brand.

Projections for:

Tractor Hiring Services

II. ECONOMICS OF THE PROJECT

A. TOTAL COST OF THE PROJECT

(Rs. Lacs)

S.No.	Particulars	Total	Spent	Bal. To be spent
A	Cost of Project			
i)	Shed Cost	1.87		1.87
ii)	Tractor Farmtrac Tractors (FT-50 Powermax) , Sprayig Blowes, Rotavalor(Farmpower) ,Seed Dril (BBF) , M B Plough, S fanti	12.50		12.50
			-	
	TOTAL COST OF THE PROJECT	14.37		14.37

S.No.	Particulars	Amount
B	MEANS OF FINANCE	
i)	Own Contribution (10%)	1.44
ii)	T L facility from Bank (90%)	12.93
		14.37
iii)	Subsidy Entitlement Under PoCRA scheme @ 60%	8.62

Projections for:
Tractor Hiring Services

ESTIMATED CAPITAL INVESTMENT CONSOLIDATION

SR NO	PARTICULERS	QUANTITY	AMOUNT
1	FARM TRAC TRACTORS (FT 50 POWERMAXX	1	750,000
2	SPRAYING BLOWER 200	1	180,000
3	ROTAVETORS FARM POWER 5 FEET	1	120,000
4	SEED DRIL BBF (9 TYRE)	1	90,000
5	M B PLOUGH	1	75,000
6	5 FANTI	1	35,000
7	SHED CONSTRUCTION (APPROX 15 % OF ABOVE COST)		187,500
	Grand Total		1,437,500

Projections for:

Tractor Hiring Services

B. PROFITABILITY STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Income	9.90	10.40	10.91	11.46	12.03	12.64	13.27
2	Expenses	5.17	5.49	5.83	6.18	6.55	6.95	7.38
3	Int. on TL	1.23	1.09	0.94	0.77	0.58	0.37	0.13
4	Depreciation	2.06	1.76	1.51	1.29	1.10	0.94	0.81
5	Profit after int. & dep.	1.44	2.06	2.64	3.23	3.80	4.37	4.95
6	Income Tax	-	-	-	0.32	0.38	0.44	0.49
7	Profit after Tax	1.44	2.06	2.64	2.91	3.42	3.94	4.45
8	Add : Depreciation	2.06	1.76	1.51	1.29	1.10	0.94	0.81
9	Add : Interest on TL	1.23	1.09	0.94	0.77	0.58	0.37	0.13
10	Cash Accruals	4.74	4.91	5.09	4.96	5.10	5.25	5.39
11	Repayment of TL with Interest	2.58	2.58	2.58	2.58	2.58	2.58	2.58
12	DSCR	1.84	1.91	1.97	1.92	1.98	2.04	2.09
13	Average DSCR	1.96						
14	Net Profit to total receipts	14.55	19.78	24.23	25.36	28.45	31.16	33.56

Projections for:

Tractor Hiring Services

C. CASH FLOW STATEMENT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
A	Inflow :							
1	Cash flow from Opration	4.74	4.91	5.09	4.96	5.10	5.25	5.39
2	T.L. from Bank	12.93	-	-	-	-	-	-
3	CC from bank	-	-	-	-	-	-	-
4	Own contribution	1.44	-	-	-	-	-	-
5	Subsidy	8.62	-	-	-	-	-	-
	Total (A)	27.73	4.91	5.09	4.96	5.10	5.25	5.39
B	Outflow:							
1	Fixed Assets	14.37	-	-	-	-	-	-
2	Repay of TL	2.58	2.58	2.58	2.58	2.58	2.58	2.58
3	Drawings	0.50	0.55	0.61	0.67	0.73	0.81	0.89
	Total (B)	17.45	3.13	3.18	3.24	3.31	3.38	3.46
	Summery:							
	Op. Cash & Bank Bal.	-	10.28	12.06	13.97	15.69	17.48	19.34
	Surplus / (Deficit)	10.28	1.78	1.91	1.72	1.79	1.86	1.93
	Cl. Cash & Bank Bal.	10.28	12.06	13.97	15.69	17.48	19.34	21.27

Projections for:

Tractor Hiring Services

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 :	12.31	10.55	9.04	7.75	6.65	5.71	4.90
2	Investments	-	-	-	-	-	-	-
3	Current Assets	10.28	12.06	13.97	15.69	17.48	19.34	21.27
4	Loans & Advances	-	-	-	-	-	-	-
	Total (A)	<u>22.59</u>	<u>22.61</u>	<u>23.01</u>	<u>23.44</u>	<u>24.13</u>	<u>25.05</u>	<u>26.18</u>
B	LIABILITIES:							
1	Capital	11.00	12.50	14.54	16.79	19.48	22.61	26.18
2	Secured loans	11.59	10.11	8.47	6.65	4.65	2.44	-
3	Current Liabilities							
	Cash Credit	-	-	-	-	-	-	-
	Total (B)	<u>22.59</u>	<u>22.61</u>	<u>23.01</u>	<u>23.44</u>	<u>24.13</u>	<u>25.05</u>	<u>26.18</u>

Projections for:

Tractor Hiring Services

E. CAPITAL ACCOUNT

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Op. Balance	-	11.00	12.50	14.54	16.79	19.48	22.61
2	Additions	10.06	-	-	-	-	-	-
3	Net Profit	1.44	2.06	2.64	2.91	3.42	3.94	4.45
	Sub Total	11.50	13.05	15.15	17.45	20.21	23.41	27.06
4	Drawings	0.50	0.55	0.61	0.67	0.73	0.81	0.89
5	Closing Balance	11.00	12.50	14.54	16.79	19.48	22.61	26.18

Projections for:

Tractor Hiring Services

F. INCOME

(Rs. Lacs)

S. No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Gross Receipts							
a.	Days of tractor hiring per annum	275.00	289	303	318	334	351	369
b.	Hiring hours per annum (@ 6 Hrs per day)	1,650	1,733	1,819	1,910	2,006	2,106	2,211
c.	Income from Hiring (@ Rs. 600 per Hrs.)	9.9	10.4	10.9	11.5	12.0	12.6	13.3
Total		9.9	10.4	10.9	11.5	12.0	12.6	13.3

Projections for:

Tractor Hiring Services

G. EXPENSES

(Rs. Lacs)

S.No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Salary							
i	Driver (1 no.* Rs. 8000 per month)	0.96	1.01	1.06	1.11	1.17	1.23	1.29
2	Diseal Expenses (30% of Total income)	2.97	3.12	3.27	3.44	3.61	3.79	3.98
3	Repairs & maintenance (5% of vehicle cost)	0.63	0.69	0.76	0.83	0.92	1.01	1.11
4	Miscellaneous Expenses (@ 3000 per month)	0.36	0.40	0.44	0.48	0.53	0.58	0.64
5	Other Overheads	0.25	0.28	0.30	0.32	0.33	0.35	0.37
	Total	5.17	5.49	5.83	6.18	6.55	6.95	7.38

Projections for:

Tractor Hiring Services

H. FIXED ASSETS AND DEPRECIATION

(Rs. Lacs)

S. No.	Particulars	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
1	Shed Cost							
	Op. Balance		1.68	1.51	1.36	1.23	1.10	0.99
	Additions	1.87	-	-	-	-	-	-
	Sub Total	1.87	1.68	1.51	1.36	1.23	1.10	0.99
	Less : Depreciation	0.19	0.17	0.15	0.14	0.12	0.11	0.10
	Cl. WDV	1.68	1.51	1.36	1.23	1.10	0.99	0.89
2	Tractor							
	Op. Balance		10.63	9.03	7.68	6.53	5.55	4.71
	Additions	12.50	-	-	-	-	-	-
	Sub Total	12.50	10.63	9.03	7.68	6.53	5.55	4.71
	Less : Depreciation	1.88	1.59	1.35	1.15	0.98	0.83	0.71
	Cl. WDV	10.63	9.03	7.68	6.53	5.55	4.71	4.01
	Total Depreciation	2.06	1.76	1.51	1.29	1.10	0.94	0.81
	Total WDV	12.31	10.55	9.04	7.75	6.65	5.71	4.90

Projections for:

Tractor Hiring Services

I. 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.	12.93	11.59	10.11	8.47	6.65	4.65	2.44
2	Repayment during the year	1.34	1.48	1.64	1.81	2.00	2.21	2.44
3	Cl. Balance	11.59	10.11	8.47	6.65	4.65	2.44	-
4	Interest at 10.00 per cent p.a.	1.23	1.09	0.94	0.77	0.58	0.37	0.13
5	Total repayment with Interest	2.58	2.58	2.58	2.58	2.58	2.58	2.58
6	Total Interest	1.23	1.09	0.94	0.77	0.58	0.37	0.13

Term Loan Repayment Schedule

MONTHS	EMI	INTEREST	PRINCIPAL REPAYMENT	OST PRINCIPAL
0				12.93
1	0.21	0.11	0.11	12.83
2	0.21	0.11	0.11	12.72
3	0.21	0.11	0.11	12.61
4	0.21	0.11	0.11	12.50
5	0.21	0.10	0.11	12.39
6	0.21	0.10	0.11	12.28
7	0.21	0.10	0.11	12.17
8	0.21	0.10	0.11	12.05
9	0.21	0.10	0.11	11.94
10	0.21	0.10	0.12	11.82
11	0.21	0.10	0.12	11.71
12	0.21	0.10	0.12	11.59
First Year	2.58	1.23	1.34	
13	0.21	0.10	0.12	11.47
14	0.21	0.10	0.12	11.35
15	0.21	0.09	0.12	11.23
16	0.21	0.09	0.12	11.11
17	0.21	0.09	0.12	10.99
18	0.21	0.09	0.12	10.87
19	0.21	0.09	0.12	10.74
20	0.21	0.09	0.13	10.62
21	0.21	0.09	0.13	10.49
22	0.21	0.09	0.13	10.36
23	0.21	0.09	0.13	10.23
24	0.21	0.09	0.13	10.11

Second Year	2.58	1.09	1.48	
25	0.21	0.08	0.13	9.97
26	0.21	0.08	0.13	9.84
27	0.21	0.08	0.13	9.71
28	0.21	0.08	0.13	9.58
29	0.21	0.08	0.13	9.44
30	0.21	0.08	0.14	9.31
31	0.21	0.08	0.14	9.17
32	0.21	0.08	0.14	9.03
33	0.21	0.08	0.14	8.89
34	0.21	0.07	0.14	8.75
35	0.21	0.07	0.14	8.61
36	0.21	0.07	0.14	8.47
Third Year	2.58	0.94	1.64	
37	0.21	0.07	0.14	8.32
38	0.21	0.07	0.15	8.18
39	0.21	0.07	0.15	8.03
40	0.21	0.07	0.15	7.88
41	0.21	0.07	0.15	7.73
42	0.21	0.06	0.15	7.58
43	0.21	0.06	0.15	7.43
44	0.21	0.06	0.15	7.28
45	0.21	0.06	0.15	7.12
46	0.21	0.06	0.16	6.97
47	0.21	0.06	0.16	6.81
48	0.21	0.06	0.16	6.65
Fourth Year	2.58	0.77	1.81	
49	0.21	0.06	0.16	6.49
50	0.21	0.05	0.16	6.33
51	0.21	0.05	0.16	6.17
52	0.21	0.05	0.16	6.01
53	0.21	0.05	0.16	5.84
54	0.21	0.05	0.17	5.68
55	0.21	0.05	0.17	5.51
56	0.21	0.05	0.17	5.34
57	0.21	0.04	0.17	5.17
58	0.21	0.04	0.17	5.00
59	0.21	0.04	0.17	4.83
60	0.21	0.04	0.17	4.65
Fifth Year	2.58	0.58	2.00	
61	0.21	0.04	0.18	4.48
62	0.21	0.04	0.18	4.30
63	0.21	0.04	0.18	4.12
64	0.21	0.03	0.18	3.94
65	0.21	0.03	0.18	3.76
66	0.21	0.03	0.18	3.57
67	0.21	0.03	0.18	3.39
68	0.21	0.03	0.19	3.20
69	0.21	0.03	0.19	3.02
70	0.21	0.03	0.19	2.83
71	0.21	0.02	0.19	2.63
72	0.21	0.02	0.19	2.44
Six Year	2.58	0.37	2.21	
73	0.21	0.02	0.19	2.25
74	0.21	0.02	0.20	2.05
75	0.21	0.02	0.20	1.85
76	0.21	0.02	0.20	1.65
77	0.21	0.01	0.20	1.45
78	0.21	0.01	0.20	1.25
79	0.21	0.01	0.20	1.05
80	0.21	0.01	0.21	0.84
81	0.21	0.01	0.21	0.63
82	0.21	0.01	0.21	0.42
83	0.21	0.00	0.21	0.21
84	0.21	0.00	0.21	0.00
Seven Year	2.58	0.13	2.44	