



BUSINESS PLAN · INDIA

Contract-Farming Enterprise

Buy-back farming with input supply — assured markets for farmers, reliable traceable supply for buyers

AGRI-TECH

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Contract-Farming Enterprise** in India — a business that partners with farmers to grow specified crops to agreed quality, quantity and price, supplying inputs, technical guidance and assured buy-back, then aggregating the harvest for sale to processors, retailers, exporters or its own brand. It earns a margin between the assured farm-gate price (plus input/service cost) and the market/buyer price, while giving farmers price certainty and a ready market.

Buyers — food processors, retailers, exporters — increasingly need reliable, traceable, quality-assured supply of specific crops (vegetables, fruits, spices, grains, medicinal plants), while farmers want assured markets and prices. Contract farming bridges both, supported by the Model Contract Farming Act and FPO ecosystem. A well-run enterprise with good agronomy, fair contracts and strong buyer linkage earns steady margins and builds a dependable supply chain.

The promoter — an agri-business entrepreneur / FPO — seeks total funding of **₹50 lakh** (₹15 lakh promoter + ₹35 lakh working-capital & term finance, eligible under AIF/NABARD/Mudra), targeting **₹2 crore** revenue in Year 1 and **₹5 crore** by Year 3 as contracted acreage grows. (*Working-capital-heavy — inputs & procurement funded before buyer payment.*)

2. Business Description, Vision & Legal Structure

Concept: A contract-farming enterprise linking farmers to assured markets — supplying inputs & know-how and buying back quality produce at agreed terms.

Vision: To build a reliable, traceable farm-to-buyer supply chain benefiting farmers and buyers alike.

Mission: Give farmers assured prices & markets and buyers reliable, quality produce — through fair contracts, good agronomy and strong linkage.

Legal structure options

- **Private Limited / LLP** — recommended for buyer contracts & finance.
- **FPO-led** — farmer-owned contract farming with strong scheme support.

Regulatory anchor: contract farming operates under the **Model Contract Farming Act, 2018** & state rules (registration/dispute mechanisms), APMC exemptions for direct purchase, GST, and quality/food-safety (FSSAI, APEDA for exports). Fair, enforceable contracts, agronomy support, quality assurance, and disciplined working-capital & buyer linkage determine success.

3. Promoter & Ownership

Led by a promoter with agri-business, agronomy or supply-chain experience. Delivery uses field agronomists, procurement & quality staff, and buyer-relationship managers, with farmer & FPO networks and input partners. Year-one ownership rests with the promoter; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

Demand for reliable, quality-assured, traceable farm produce from processors, organised retail and exporters is rising, while farmers seek assured markets and prices amid volatility. Contract farming, supported by policy and FPOs, connects the two. Opportunities are strongest in high-value crops (vegetables, fruits, spices, medicinal & export crops) where quality and traceability command premiums.

Demand drivers

- **Buyer need** for reliable, traceable supply.
- **Farmer need** for assured price/market.
- **High-value & export** crops.
- **Quality & traceability** premiums.
- **Policy & FPO** support.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Contract-farming/sourcing opportunity in India	Very large
SAM	Contractable acreage & buyers in target crops	Substantial
SOM (Yr 1-3)	Contracted acreage	1,500 → 4,500 acres

Target segments

- Food processors & brands.
- Organised retail & HORECA.
- Exporters & export houses.
- Own-brand / value-added.

5. Competition & Competitive Advantage

Landscape: other contract-farming firms, direct-sourcing by large buyers, aggregators, and traders. The firm competes on farmer relationships, agronomy, quality assurance, fair contracts and buyer linkage.

The firm's edge

- **Farmer trust & fair contracts.**
- **Agronomy & input support** (quality/yield).
- **Quality assurance & traceability.**
- **Strong buyer linkage** & assured offtake.
- **FPO/aggregation** scale.

6. Model & Margins

Element	Model	Basis
Input & advisory supply	Cost + margin / bundled	Input margin
Assured buy-back	Agreed farm-gate price	Fair to farmer
Aggregation & sale to buyer	Buyer price – (farm-gate + cost)	5-12% margin
Grading & value-add	Quality premium	Uplift
Export / brand premium	Premium market	Higher

The core margin is the spread between buyer price and (assured farm-gate price + input/service/logistics cost). Quality, traceability, export & value-add lift the spread; scale & buyer stickiness stabilise it.

7. Go-to-Market — Marketing & Sales

- **Buyer contracts:** processors, retailers, exporters (offtake first).
- **Farmer & FPO** mobilisation for acreage.
- **Crop & region** specialisation.
- **Quality & traceability** as differentiators.
- **Repeat, multi-season** relationships.

Sales approach

Secure buyer offtake → contract matching acreage with farmers → support agronomy & ensure quality → aggregate, grade & deliver → build multi-season trust both sides. Assured offtake and farmer trust drive a stable, scalable supply chain.

8. Operations Plan

- **Base:** a field office & collection/grading point in the crop region.
- **Process:** buyer contract → farmer contracting & input supply → crop monitoring & agronomy → harvest, procurement & grading → delivery to buyer → settlement (farmer & buyer).
- **Quality & traceability:** input control, agronomy, testing, records & traceability (esp. exports).
- **Risk:** crop, price & side-selling management; fair contracts & relationships.
- **Capacity:** agronomists + procurement scale acreage; scale with buyers & crops.

Season workflow

Stage	Activity	Metric
Contract	Buyer + farmers	Acreage
Grow	Input + agronomy	Yield/quality
Procure	Harvest & grade	Offtake
Deliver	To buyer	Realisation
Settle	Pay farmer/buyer	Margin

9. Regulatory, Licences & Compliance (India)

- **Contract-Farming Act** (Model Act, 2018 & state rules): registration, fair contracts, dispute mechanism; APMC-exempt direct purchase.
- **Quality & food safety:** FSSAI; APEDA & phytosanitary for exports; residue/quality standards.
- **Business & tax:** Pvt Ltd/LLP/FPO; PAN/TAN; GST; Udyam (MSME); IEC for exports.
- **Finance:** AIF/NABARD/bank working-capital & term finance; input-credit documentation.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Head	1	1	1
Field agronomists	3	6	9
Procurement & quality	2	4	6
Buyer relations & sales	1	2	3
Accounts & admin	1	2	3
Total	8	15	22

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-2	Registration, buyer contracts, farmer network, WC line
Launch	Month 2-5	First season contracted & input supply
Traction	Month 5-10	First harvest, procurement & delivery; break-even nears
Scale	Year 2	More crops/buyers/acreage; value-add & exports
Growth	Year 3	~4,500 acres; stable multi-season chain

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Working-capital-heavy — inputs & procurement precede buyer payment.

12.1 Project cost & means of finance

Capital requirement	₹
Field office, collection & grading setup	6,00,000
Equipment, IT & vehicles	6,00,000
Input & procurement working capital	32,00,000
Registration, quality & pre-operative	3,00,000
Working-capital buffer	3,00,000
Total project cost	50,00,000
Promoter contribution	15,00,000
WC + term finance (AIF/NABARD/Mudra)	35,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Produce sales to buyers	1,85,00,000	3,20,00,000	4,60,00,000
Value-add / export premium	15,00,000	30,00,000	40,00,000
Total revenue	2,00,00,000	3,50,00,000	5,00,00,000
Farm-gate procurement (to farmers)	1,50,00,000	2,58,00,000	3,66,00,000
Inputs, agronomy & logistics	22,00,000	40,00,000	56,00,000
Salaries & field staff	12,00,000	22,00,000	32,00,000
Office, overheads & quality	6,00,000	10,00,000	14,00,000
Interest on finance	3,50,000	5,20,000	6,80,000
Total expenses	1,93,50,000	3,35,20,000	4,74,80,000
Net profit (before tax)	6,50,000	14,80,000	25,20,000
Net margin	3.3%	4.2%	5.0%

12.3 Unit economics & break-even

- **Per acre/tonne:** buyer price – (farm-gate + input + logistics); value-add & export lift the spread.
- **Scale & buyer stickiness** spread fixed agronomy/quality cost; side-selling control protects offtake.
- **Break-even:** reached around month 8–12 after the first full crop cycle; working-capital cycle is the key discipline.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	3,00,000	2,40,000	2,70,000	3,30,000
Buyer collections	30,00,000	55,00,000	60,00,000	55,00,000
Inputs, procurement & operating	30,30,000	54,40,000	59,10,000	54,05,000
Interest servicing	30,000	30,000	30,000	30,000
Closing balance	2,40,000	2,70,000	3,30,000	3,95,000

Inputs & farm-gate procurement are funded before buyers pay; the working-capital line bridges the cycle. Assured buyer offtake and disciplined procurement/quality control keep the thin margin intact.

12.5 Key Performance Indicators to Monitor

- **Scale:** contracted acreage; farmers; buyer offtake volume.
- **Quality:** reject/quality rate; traceability; export compliance.
- **Economics:** margin per acre/tonne; side-selling leakage.
- **Working capital:** input-to-collection cycle; receivable days.

13. Funding Requirement & Bankability

Total ask: **₹35 lakh (WC + term)** against ₹15 lakh promoter contribution — a **working-capital line** (for inputs & procurement) is the core need, with term finance for setup, eligible under **AIF/NABARD** & Mudra/CGTMSE. Assured buyer contracts and offtake underpin bankability; Year-3 net profit ~₹25 lakh supports the facility. AIF interest subvention can lower cost.

13.1 Funding utilisation

Use of funds	₹	% of total
Input & procurement working capital	32,00,000	64%
Field office, collection & grading	6,00,000	12%
Equipment, IT & vehicles	6,00,000	12%
Registration, quality & pre-operative	3,00,000	6%
Working-capital buffer	3,00,000	6%
Total	50,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Side-selling / contract breach	Fair pricing; relationships; FPO route; input-linked recovery; registration
Crop failure / quality shortfall	Agronomy support; crop insurance; diversified crops/geographies
Price volatility	Buyer contracts; flexible pricing bands; value-add
Working-capital strain	WC line; buyer advances; disciplined cycle
Buyer default / offtake gap	Multiple buyers; contracts; own-brand fallback

15. SWOT Analysis

Strengths Assured demand & supply linkage; scalable; quality/traceability edge; policy support.	Weaknesses Thin margins; working-capital heavy; side-selling & crop risk; execution-intensive.
Opportunities High-value & export crops; value-add & own brand; FPO scale; traceability premium.	Threats Side-selling; price shocks; crop failure; buyer/direct-sourcing competition.

16. Recommended AiSevak Tools for This Business

This contract-farming enterprise would use AiSevak's Agri-Tech vertical tools in delivery:

- **Chain ops:** farmer-contracting, acreage/crop-monitoring, procurement and traceability tools.

- **Contracts & compliance:** contract-farming-agreement, FSSAI/APEDA and GST tools (with Legal & Finance verticals).
- **Practice:** Business Plan, per-acre margin and Break-even tools to model the chain.

17. Key Assumptions & Notes

- Margin = buyer price – (assured farm-gate + input + logistics); value-add/export lift the spread.
- ~1,500 acres (Yr 1) to ~4,500 (Yr 3); working capital precedes buyer payment.
- WC/term finance ~10–11% p.a. (AIF subvention possible); GST applies; export needs IEC/APEDA.
- Fair enforceable contracts, agronomy/quality, buyer offtake and WC discipline are decisive; figures exclude GST.

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