



BUSINESS PLAN · INDIA

Farm-Equipment & Custom-Hiring Centre

*Shared tractors, implements & harvesters on hire — affordable mechanisation,
SMAM/CHC-supported*

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 **Farm-Equipment & Custom-Hiring Centre (CHC)** in India — a business that owns tractors, implements and farm machinery (rotavators, seed drills, harvesters, balers, sprayers, threshers) and rents them out to farmers on a per-hour or per-acre custom-hiring basis, along with operators and services. It earns equipment-hire revenue, turning capital-intensive machinery that individual farmers cannot afford into an affordable, shared, on-demand service.

Most Indian farmers are small and marginal and cannot buy expensive machinery, yet mechanisation raises productivity and cuts labour cost and time. Custom hiring bridges this gap and is strongly promoted by government (SMAM, CHC subsidies). A well-run centre with the right machinery mix, high utilisation and reliable service earns steady seasonal revenue and benefits from significant capital subsidy.

The promoter — a rural entrepreneur / progressive farmer / FPO — seeks total funding of **₹30 lakh** (₹6 lakh promoter + ₹24 lakh, with **SMAM/CHC capital subsidy (up to 40-80%)** and NABARD/Mudra finance as applicable), targeting **₹28 lakh** revenue in Year 1 and **₹52 lakh** by Year 3. (*High-subsidy, asset-heavy, utilisation-driven model.*)

2. Business Description, Vision & Legal Structure

Concept: A shared farm-machinery service that lets farmers hire tractors, implements and harvesters on demand — affordable mechanisation without ownership.

Vision: To be the go-to custom-hiring centre raising mechanisation and productivity in the catchment.

Mission: Provide reliable, affordable, timely farm-machinery services with skilled operators — improving farm output and incomes.

Legal structure options

- **Proprietorship / LLP** — LLP recommended as the fleet grows.
- **FPO / Cooperative / Pvt Ltd** — FPO-run CHCs get strong scheme support; Pvt Ltd for scaling.

Regulatory anchor: the model is built around **SMAM (Sub-Mission on Agricultural Mechanisation) & CHC schemes** giving 40-80% capital subsidy (higher for FPOs/SC-ST/NE), plus NABARD/bank finance. Machinery utilisation across seasons, maintenance, operator skill and booking management determine profitability; GST and vehicle/insurance compliance apply.

3. Promoter & Ownership

Led by a promoter with farming, machinery or rural-business experience (FPOs are ideal). Delivery uses skilled machine operators, a maintenance mechanic, and a booking coordinator. Year-one ownership rests with the promoter/entity; ownership and profit-sharing are editable inputs.

4. Market Analysis — India

India's farm mechanisation is rising but still below developed-country levels, especially for small farms — a large gap that custom hiring fills. Labour scarcity, rising wages, timeliness needs, and yield/productivity goals drive demand. Government strongly promotes CHCs. Demand is seasonal (sowing, harvesting) and local, favouring well-located centres with the right machinery mix.

Demand drivers

- **Small farms can't own** costly machinery.
- **Labour scarcity & rising wages.**
- **Timeliness** of operations (sowing/harvest).
- **Productivity & yield** goals.
- **Strong scheme** promotion (SMAM/CHC).

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Farm-mechanisation service demand in India	Very large
SAM	Farms & acreage in the centre's catchment	Substantial
SOM (Yr 1-3)	Acres serviced / machine-hours/year	Utilisation-linked

Target segments

- Small & marginal farmers.
- Medium farmers (seasonal peaks).
- FPOs & farmer groups.
- Contract-farming & estates.

5. Competition & Competitive Advantage

Landscape: individual tractor owners renting out, other CHCs, cooperatives, and app-based farm-equipment rental platforms. The firm competes on machinery availability, reliability, timeliness, pricing and service.

The firm's edge

- **Right machinery mix** for local crops.
- **Availability & timeliness** in peak seasons.
- **Skilled operators & upkeep.**
- **Subsidy-enabled** competitive pricing.
- **Booking system & reliability.**

6. Services & Pricing

Service	Model	Indicative rate
Tractor + implement hire	Per hour / per acre	₹600-1,000/hr
Land prep (rotavator/plough)	Per acre	₹800-1,500/acre
Sowing (seed drill/planter)	Per acre	Per acre
Harvesting (combine/reaper)	Per acre / hour	₹1,500-3,000/acre
Baling / threshing / spraying	Per unit/acre	Operation-based

Revenue = machine-hours/acres × rate; harvesters & high-demand implements earn the most in peak windows. Utilisation across the season (spreading fixed cost) is the decisive economic lever.

7. Go-to-Market — Marketing & Sales

- **Farmer & village networks;** word of mouth.
- **Advance booking** for peak seasons.
- **FPO & cooperative** tie-ups for volume.
- **App/phone booking** & scheduling.
- **Reliability & timeliness** reputation.

Sales approach

Build machinery availability & reliability → capture peak-season demand at high utilisation → secure FPO/group bookings → add machines as demand proves. Utilisation and timeliness drive repeat custom and returns.

8. Operations Plan

- **Base:** a centre with machinery shed, fuel & maintenance in the catchment.
- **Process:** booking & scheduling → deploy machine + operator → operation on farm → billing & collection → maintenance & refuel.
- **Fleet:** tractors, implements (rotavator, drill, plough), harvester/reaper, sprayer/thresher/baler as per local crops.
- **Maintenance:** preventive upkeep, spares, minimise downtime; operator training.
- **Capacity:** machine-hours across seasons; scale by adding machines & operators.

Utilisation workflow

Stage	Activity	Metric
Book	Schedule	Bookings
Deploy	Machine + operator	Utilisation
Operate	Field work	Acres/hrs
Bill	Collect	Realisation
Maintain	Upkeep	Uptime

9. Regulatory, Licences & Compliance (India)

- **Scheme registration:** SMAM/CHC empanelment & subsidy application (state agriculture dept/DBT).
- **Vehicle & insurance:** registration, insurance, and road-use compliance for tractors/harvesters.
- **Business & tax:** proprietorship/LLP/FPO/Pvt Ltd; PAN/TAN; GST (services attract GST); Udyam (MSME).
- **Safety:** operator safety & training; fuel storage norms.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Manager	1	1	1
Machine operators	3	5	7
Maintenance mechanic	1	1	2
Booking & admin	1	2	2
Total	6	9	12

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-3	SMAM/CHC sanction, machinery purchase, shed, operators
Launch	Month 3-4	First season bookings & operations
Traction	Month 4-10	Utilisation ramp; break-even nears
Scale	Year 2	Add machines; FPO tie-ups; second season
Growth	Year 3	High utilisation; expanded fleet

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. This is an asset-heavy, subsidy-supported, utilisation-driven model.

12.1 Project cost & means of finance

Capital requirement	₹
Tractors (2) & implements	16,00,000
Harvester/reaper & specialised machines	8,00,000
Shed, tools & setup	3,00,000
Registration, insurance & pre-operative	1,50,000
Working-capital buffer	1,50,000
Total project cost	30,00,000
Promoter contribution	6,00,000
SMAM/CHC subsidy + NABARD/Mudra loan	24,00,000

Note: SMAM/CHC subsidy (40-80%) can fund a large share of machinery cost, sharply reducing the effective loan & improving returns; the split above is indicative and depends on the sanctioned subsidy.

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Tractor & land-prep hire	14,00,000	20,00,000	25,00,000
Harvesting & specialised ops	10,00,000	17,00,000	22,00,000
Other operations	4,00,000	4,00,000	5,00,000
Total revenue	28,00,000	41,00,000	52,00,000
Fuel & consumables	9,00,000	13,00,000	16,00,000
Operator & staff wages	7,20,000	10,00,000	13,00,000
Maintenance & spares	3,50,000	5,00,000	6,50,000
Insurance, overheads & admin	2,80,000	3,60,000	4,40,000
Interest on loan	1,50,000	1,15,000	75,000
Total expenses	24,00,000	32,75,000	40,65,000
Net profit (before tax)	4,00,000	8,25,000	11,35,000
Net margin	14.3%	20.1%	21.8%

12.3 Unit economics & break-even

- **Per machine:** hours/acres × rate – (fuel + operator + maintenance + depreciation); harvesters earn most in peak windows.
- **Utilisation** across seasons is the biggest lever; idle machines erode returns.
- **Break-even:** reached around month 8–10 after the first full season cycle; subsidy sharply improves viability.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,50,000	1,30,000	1,70,000	2,35,000
Collections	8,50,000	5,00,000	8,00,000	6,50,000
Operating outflows	8,30,000	4,20,000	6,95,000	5,80,000
Loan EMI	40,000	40,000	40,000	40,000
Closing balance	1,30,000	1,70,000	2,35,000	2,65,000

Revenue is peaky around sowing/harvest windows; between peaks, machines idle. Diversified machinery, multi-crop catchment and advance bookings smooth utilisation; the buffer bridges lean periods.

12.5 Key Performance Indicators to Monitor

- **Utilisation:** machine-hours/acres; utilisation % by machine.
- **Revenue:** realisation per hour/acre; peak-season capture.
- **Cost:** fuel & maintenance per hour; uptime %.

- **Demand:** bookings; FPO/group share; repeat farmers.

13. Funding Requirement & Bankability

Total ask: **₹24 lakh (subsidy + loan)** against ₹6 lakh promoter contribution — anchored by **SMAM/CHC capital subsidy (40-80%)** with NABARD/Mudra term finance, coverable under CGTMSE. The subsidy dramatically improves viability; Year-1 net profit ~₹4 lakh against modest debt service gives a comfortable DSCR — highly bankable as a scheme-backed asset with clear utilisation demand.

13.1 Funding utilisation

Use of funds	₹	% of total
Tractors & implements	16,00,000	53%
Harvester & specialised machines	8,00,000	27%
Shed, tools & setup	3,00,000	10%
Working-capital buffer	1,50,000	5%
Registration, insurance & pre-op	1,50,000	5%
Total	30,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Low/seasonal utilisation	Diversified machinery; multi-crop catchment; advance bookings; FPO tie-ups
Machine downtime	Preventive maintenance; spares; trained mechanics
Monsoon / crop failure	Multi-service mix; flexible pricing; buffer
Fuel/maintenance cost	Efficient operation; utilisation; rate revisions
Subsidy delay	Bridge finance; proper scheme documentation

15. SWOT Analysis

Strengths High subsidy support; essential service; strong demand; scalable fleet.	Weaknesses Asset-heavy; seasonal utilisation; maintenance-dependent; monsoon-linked.
Opportunities Mechanisation gap; FPO CHCs; app-booking; new machines (drones/harvesters).	Threats Individual owners/rental apps; fuel inflation; weather; utilisation gaps.

16. Recommended AiSevak Tools for This Business

This custom-hiring centre would use AiSevak's Agri-Tech vertical tools in delivery:

- **Centre ops:** booking/scheduling, utilisation-tracking, billing and maintenance-log tools.
- **Schemes & compliance:** SMAM/CHC-application, subsidy-tracker and GST tools (with Finance vertical).
- **Practice:** Business Plan, per-machine costing and Break-even tools to model utilisation.

17. Key Assumptions & Notes

- Asset-heavy CHC model; SMAM/CHC subsidy (40–80%) assumed — sharply improves viability (effective loan/returns depend on sanctioned subsidy).
- Utilisation ramps across seasons; harvesters & peak-window ops drive realisation.
- Loan interest ~10% p.a.; machinery insured & registered; GST applies on services.
- Utilisation, timeliness, maintenance and subsidy access are decisive; figures exclude GST.

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