

## AGRICULTURAL MACHINERY & EQUIPMENT REPAIRING & SERVICING UNIT

### Introduction:

There has been historic change in the agricultural sector. Now, people hardly use bullocks for cultivation of agricultural land. Tractors and power tillers are being used for cultivation of land and shallow pump for irrigation.

### Market Potential:

As the use of tractor and power tiller is increasing in the country, the need for servicing units for agricultural implements is also increasing. Now-a-days shallow machines are used for running the country boats every where. The demand for repairing and servicing units of tractor, power tiller and shallow pumps are increasing in the rural areas. So, there is enormous scope for setting up of repairing & servicing units of agricultural implements.

### Plant Capacity:

|                      |   |  |
|----------------------|---|--|
| Capacity Utilization | : | 70%                                    |
| Working Days/year    | : | 25 days per month & 300 days per year. |
| No. of shifts        | : | 1 (one)                                |

### Raw materials:

(Rs. lakh)

|      |                                |   |                    |
|------|--------------------------------|---|--------------------|
| i)   | Lubricant                      | : | 0.80               |
| ii)  | Car-bate 120 kg @ Rs 80/kg     | : | 0.10               |
| iii) | Gas Rod – 120 kg @ Rs 100/kg   | : | 0.12               |
| iv)  | Brass Rod – 120 kg @ Rs 300/kg | : | 0.36               |
| v)   | Misc. materials                | : | <u>0.30</u>        |
|      | <b>Total</b>                   | : | <b><u>1.68</u></b> |

### SUGGESTED LOCATION :

Major centres of NER including Sikkim

### Machinery:

The major equipments required are –

| <u>Sl.No.</u> | <u>Particulars</u>        | <u>No.</u> |
|---------------|---------------------------|------------|
| xix)          | Air compressor            | 1 No.      |
| xx)           | Car washing equipment     | 1 set      |
| xxi)          | Lift                      | 1 No.      |
| xxii)         | Greasing equipment        | 1 No.      |
| xxiii)        | Oil spray gun             | 1 No.      |
| xxiv)         | Gas welding set           | 1 set      |
| xxv)          | Chain pulley block        | 1 set      |
| xxvi)         | Electric bench grinder    | 1 No.      |
| xxvii)        | Electric drill machine    | 1 No.      |
| xxviii)       | Misc. tools & accessories | 3 sets.    |

### Infrastructure:

The major infrastructure requirements are –

|          |   |             |
|----------|---|-------------|
| Land     | : | 2500 sq.ft  |
| Building | : | 1500 sq.ft. |
| Power    | : | 5 KW        |
| Water    | : | 500 ltr/day |

### Total Capital Requirement:

The total capital requirement including fixed capital and working capital is estimated at Rs 6.36 lakhs as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 5.96 lakhs.

|  |                      |                     |
|--|----------------------|---------------------|
| <b>A. Fixed Capital:</b>               |                      | <b>(Rs in lakh)</b> |
| Land                                   |                      | On lease            |
| Building                               |                      | 2.50                |
| Plant & Machinery                      |                      | 0.40                |
| Preliminary and pre-operative expenses |                      | <u>0.10</u>         |
|  | <b>Total (A)</b>     | <b>5.75</b>         |
|  |                      | =====               |
| <b>B. Working Capital:</b>             |                      |                     |
| Raw materials & Packing material       | 15 days              | 0.08                |
| Working expenses                       | 1 month              | 0.14                |
| Receivables                            | 15 days              | <u>0.39</u>         |
|  | <b>Total (B)</b>     | <b>0.61</b>         |
|  |                      | =====               |
|  | <b>Total (A)+(B)</b> | <b>6.36</b>         |

Note: Working capital may be financed as:

|                    |       |                      |
|--------------------|-------|----------------------|
| Bank Finance (65%) | ..... | Rs 0.40 Lakhs        |
| Margin Money (35%) | ..... | <u>Rs 0.21 Lakhs</u> |
|                    |       | <b>Rs 0.61 lakhs</b> |
|                    |       | =====                |

### Capital Cost of Project:

|                          |       |                      |
|--------------------------|-------|----------------------|
| 1. Fixed Cost            | ..... | Rs 5.75 Lakhs        |
| 2. Margin money for W.C. | ..... | <b>Rs 5.96 Lakhs</b> |
|                          |       | =====                |

### Means of Finance:

|                               |  |                      |
|-------------------------------|--|----------------------|
| Promoter's contribution (35%) |  | Rs 2.09 lakhs        |
| Term Loan (65%)               |  | <u>Rs 3.87 lakhs</u> |
|                               |  | <b>Rs 5.96 lakhs</b> |
|                               |  | =====                |

### Operating Expenses:

The annual operating expenses are estimated at Rs. 5.82 lakhs as given below:

|   |                    |                    |
|---|--------------------|--------------------|
|   |                    | <b>(Rs. lakhs)</b> |
| 1. Raw materials:                                     |                    | 1.68               |
| 2. Utilities  |                    | 0.36               |
| 3. Wages & Salaries                                   |                    | 2.40               |
| 4. Other overheads                                    |                    | 0.30               |
| 5. Consumables  |                    | 0.25               |
| 6. Interest on term loan @ 13.25%                     |                    | 0.51               |
| 7. Interest on Bank Finance for Working Capital @ 11% |                    | 0.04               |
| 8. Depreciation @ 10% on m/c                          |                    | <u>0.28</u>        |
|   | <b>Grand Total</b> | <b>5.82</b>        |
|   |                    | =====              |

### Sales Realization:

| Sl.No. | Particulars  | Value (Rs Lakhs) |
|--------|--|------------------|
| 1.     | Major servicing works of 4 tractors per day @ 100/tractor          | 1.20             |
| 2.     | Major repairing works 2 tractors per day @ Rs 500/tractor          | 3.00             |
| 3.     | Major servicing of 4 power tiller per day @ Rs 100/tiller          | 1.20             |
| 4.     | Major repairing works of 4 power tiller @ Rs 100/tiller            | 1.20             |
| 5.     | Repairing & servicing of 4 shallow pump sets per day @ Rs 100/pump | 1.20             |
|        | <b>TOTAL</b>   | <b>7.80</b>      |

**Profitability :**

Based on the sales realization of Rs 7.80 lakhs and the operating expenses of Rs. 5.82 lakhs the profit would be Rs 1.98 lakhs per year. This works out to a return on investment of 31%. The plant will break even at 52% of the rated capacity.

**Highlight:**

The major highlights of the project are as follows:

|                                      |   |    |            |
|--------------------------------------|---|----|------------|
| Total capital requirement            | : | Rs | 6.36 Lakhs |
| Promoter's contribution              | : | Rs | 2.09 "     |
| Annual sales realization (70% cap.)  | : | Rs | 7.80 "     |
| Annual operating expenses (70% cap.) | : | Rs | 5.82 "     |
| Annual profit (pre-tax)              | : | Rs | 1.98 "     |
| Pre-tax Return on Sales              | : |    | 25%        |
| Break Even Point                     | : |    | 52%        |
| No.of persons employed               | : |    | 8 Nos.     |

**Suppliers of Machinery**

All machineries & equipments etc. are available in the local market.