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Financial feasibility and consultancy services of agro-service centre: a case study of Bhairavnath Krushi Bhandar, Indapur, Maharashtra

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Abstract

Agro-service centers play a significant role in strengthening agricultural development and rural economy by providing quality agricultural inputs, consultancy services, and technical guidance to farmers. The present study was conducted at Bhairavnath Krushi Bhandar located at Bhigwan, Taluka Indapur, District Pune, Maharashtra. The study aimed to analyze the documentation and establishment process of agro-service centers, consultancy services provided financial feasibility, and SWOT analysis of the selected unit. Primary data were collected through personal interviews with the owner and field observations, while secondary data were obtained from journals, reports, and websites. The study revealed that the total capital investment of the unit was Rs.11, 63, 500 and annual operating cost was Rs 36, 43, 000. The total cost of the enterprise was estimated at Rs 42, 35, 60. Financial feasibility analysis indicated a Benefit-Cost Ratio (BCR) of 1.24, Net Present Worth (NPW) of Rs 28, 26, 805, and Internal Rate of Return (IRR) of 43 percent and the Pay Back period was 1 year, 3 Months confirming the economic viability of the agro-service center.

Keywords: Agro-service center, rural development, financial feasibility, consultancy services, BCR, IRR, NPW, agribusiness

1. Introduction

Agro-service centres are emerging as an effective institutional mechanism for delivering agricultural inputs and technical guidance to farmers at the village and taluka levels. These centres function as a bridge between agricultural research institutions, input manufacturing companies, extension agencies, and farmers. They provide essential agricultural inputs such as seeds, fertilizers, insecticides, fungicides, herbicides, and farm equipment along with consultancy services related to crop management, pest and disease control, nutrient management, irrigation practices, and market intelligence. By offering timely and scientific recommendations, agro-service centres help farmers adopt improved agricultural technologies and modern farming practices.

In recent years, the demand for agro-service centres has increased significantly in Maharashtra due to rapid agricultural commercialization and the growing awareness among farmers regarding quality inputs and scientific farming. Farmers are increasingly dependent on agro-service centres for obtaining reliable information about crop production techniques, input application methods, weather-

based advisories, and marketing opportunities. These centres also contribute to reducing the gap between farmers and agricultural experts by providing location-specific recommendations and personalized consultancy services.

Apart from supplying agricultural inputs, agro-service centres play a major role in rural development and agribusiness promotion. They generate employment opportunities, encourage rural entrepreneurship, strengthen input distribution systems, and contribute to the economic development of rural areas. The consultancy services provided by these centres assist farmers in minimizing production risks, improving productivity, and enhancing farm profitability. In addition, agro-service centres support the sustainable use of agricultural inputs by promoting balanced fertilizer application, integrated pest management, and proper crop protection measures.

Considering the growing importance of agro-service centres in agricultural development, the present study was undertaken at Bhairavnath Krushi Bhandar located at Bhigwan in Indapur Taluka of Pune district, Maharashtra. The study focused on analyzing the consultancy services provided by the agro-service centres, studying its operational and financial structure, and evaluating its economic

feasibility. The findings of the study are expected to provide useful insights into the role of agro-service centres in strengthening agricultural development, improving farmers' access to quality services, and promoting rural entrepreneurship in Maharashtra.

2. Objectives of the Study

1. To study different consultancy services provided by Bhairavnath Krushi Bhandar.
2. To analyze the financial feasibility of Bhairavnath Krushi Bhandar.

3. Research Methodology

3.1 Selection Criteria for the Unit

- a) It should provide consultancy to farmers and work for welfare of the farmer community.
- b) It should promote the progress in rural development by supporting both Agri and its allied sectors.
- c) It should be a licensed consulting unit.
- d) It should be owned and operated by a person who has educational qualification regarding their respective consultancy service.

3.2 Analysis of Data

Capital Investment: The fixed investment on an Agro Service Center comprised of investment on Shop, Furniture etc.

4. Results and Discussion:-

4.1 General Profile of the Selected Unit

Table 1: General profile of Bhairavnath Krushi Bhandar

Name of Agro-service center	Bhairavnath Krushi Bhandar
Address	A/P.Bhigwan, Tal.Indapur, Dist:Pune
Name of owner	Mr.Chandrakant Dhande
Age	48 years
Education	Agriculture Diploma
License No	Seeds - LCSD102022202087PUN Fertilizers-LCFRD1020221999PUN Insecticides-LCID1220222597PUN
Products	Seeds, Fertilizers and Agro-chemicals

The Table No.1 showed that Bhairavnath Krushi Bhandar was located at Bhigwan in Indapur Taluka of Pune district. The agro-service center was owned by Mr. Chandrakant Dhande, aged 48 years, who had completed an Agriculture

Total Cost = Total Fixed Cost + Total Variable Cost

Total Fixed Cost = Depreciation + Interest on Fixed Cost

Total Variable Cost = (Input cost + Labor Cost + License Renewal + Electricity + Transportation Cost + Maintenance Cost etc.)

Net Present Worth = Present Worth of Benefit - Present Worth of Cost

$$\text{Benefit Cost Ratio} = \frac{\text{Present Worth of Benefit}}{\text{Present Worth of Cost}}$$

IRR = By Trial and Error method.

The study was conducted using both primary and secondary data. Primary data were collected through personal interviews, field observations, and discussions with the owner and farmers. Secondary data were obtained from journals, websites, reports, and published literature. Financial feasibility was analyzed using Benefit-Cost Ratio (BCR), Net Present Worth (NPW), and Internal Rate of Return (IRR).

Diploma. The center possessed valid licenses for seeds, fertilizers, and insecticides and mainly dealt in seeds, fertilizers, and agro-chemicals.

4.2 Consultancy services provided by Bhairavnath Krushi Bhandar:

Table 2: Consultancy services provided by Bhairavnath Krushi Bhandar

Sr. No.	Particulars	Seeds	Fertilizers	Insecticides	Fungicides	Herbicides
1.	Input Services	Maize, Wheat, Onion, Groundnut, Okra	19:19:19, 13:40:13, 12:61:00	Rogar, Amister, Confider, Hamla	Rodomil, Kavach, Antracol	2-4 D, Sencor, Mera 71
2.	Information services	1. Suggest appropriate dosages for pest and disease control 2. Advise on correct application techniques of seeds, fertilizers and agro-chemicals 3. Recommend optimal timing for use of seeds and fertilizers				
3.	Marketing Service	1. Market intelligence and price updates 2. Storage and logistics				

Table No.2 highlights the various services provided by agro service centres related to seeds, fertilizers, insecticides, fungicides, and herbicides. It also includes information services such as dosage recommendations, application

techniques, and guidance on proper timing of input usage. Additionally, agro service centres support farmers through marketing services like market intelligence, price updates, storage, and logistics facilities.

4.3 Input Services Provided by Bhairavnath Krushi Bhandar

Table 3: Input Services Provided by Bhairavnath Krushi Bhandar

1.Fertilizers				
Sr. No.	Name	Quantity	Price(Rs)	Company
1.	19:19:19	1Kg	275	Jaykisan,RCF, Shriram,Nagarjun
2.	13:40:13	25Kg	3800	
3.	12:61:00	50Kg	4100	
2.Insecticides				
1.	Rogor	250ml	280	Bayer,Syngenta, Gharda Chemicals, Perfect Crop Science
2.	Confider	100 ml	650	
3.	Hamla	500 ml	400	
3.Fungicides				
1.	Ridomil	1 Kg	1350	Bayer, Syngenta
2.	Kavach	250 gm	280	
3.	Antracol	500 gm	440	
4.Herbicides				
1.	2,4-D	1 Lit	380	Dhanuka, Bayer Crop Science, Sumitomo Chemicals Ltd.
2.	Sencor	100 gm	220	
3.	Excel Mera 71	100 gm	90	

Table No.3 presents the major agricultural inputs supplied by agro service centres along with their quantity, price, and manufacturing companies. These inputs helped farmers

improve crop productivity and protect crops from pests, diseases, and weeds effectively.

4.4 Initial Capital Investment of Bhairavnath Krushi Bhandar:

Table 4: Initial Capital Investment of Bhairavnath Krushi Bhandar

Sr. No.	Particulars	Present Value (Rs.)	Percentage (%)
1.	Construction of Shop	7,40,000	63.60
2.	Construction of Storage	2,30,000	19.77
3.	Computer	35,000	3.01
4.	Printer	15,000	1.29
5.	Calulator	1,000	0.09
6.	Camera	35,000	3.01
7.	Weighing machine	5,000	0.43
8.	Furniture	1,00,000	8.59
9.	Fan	2,500	0.21
	Total	11,63,500	100

Table No.4 shows the capital investment structure of the agro service center with a total investment of Rs 11, 63, 500. Construction of the shop accounted for the highest share (63.60%), followed by storage construction (19.77%),

indicating major investment in infrastructure. Other investments included furniture, computer, camera, printer, and weighing machine required for smooth business operation.

4.5 Annual operating cost of Bhairavnath Krushi Bhandar

Table 5: Annual operating cost of Bhairavnath Krushi Bhandar

Sr. No.	Particulars	Amount (Rs)	Percentage (%)
1.	ASC License Renewal fee	10,000	0.27
2.	Input Cost		
	a) Seeds	18,20,000	49.96
	b) Fertilizers	8,60,000	23.61
	c) Agro-chemicals	4,90,000	13.45
3.	Labour Charges	3,68,000	10.10
4.	Telephone Charges	6,000	0.16
5.	Transportation cost	28,000	0.77
6.	Light bill	18,000	0.49
7.	Stationary Cost	5,000	0.14
8.	Insurance	3,000	0.08
9.	Repairs and Maintenance	25,000	0.69
10.	Advertisement cost	10,000	0.27
	Total	36,43,000	100

Table No.5 indicates the annual operating cost structure of the agro service center with a total expenditure of Rs 36,43,000. Input costs formed the major share of total expenses, in which seeds accounted for the highest percentage (49.96%), followed by fertilizers (23.61%) and

agro-chemicals (13.45%). Other expenses included labour charges, transportation, electricity, maintenance, advertisement, and license renewal costs necessary for smooth business functioning.

4.6 Total Cost

Table 6: Total cost

Sr. No.	Particulars	Amount (Rs)	Percentage (%)
1.	Depreciation on building @2%	19,400	0.46
2.	Depreciation on machinery, equipments & furniture @ 10%	19,350	0.46
3.	Interest on fixed capital @10%	1,16,350	2.75
(a)	Total Fixed Cost	1,55,100	3.66
1.	Annual operational cost	36,43,000	86.02
2.	Interest on working capital @12%	4,37,160	10.32
(b)	Total Variable Cost	40,80,160	96.34
(a+b)	Total Cost	42,35,260	100

Table No.6 shows the total cost structure of the agro service center amounting to Rs. 42, 35, 260. Variable cost constituted the major share (96.34%) of the total cost, mainly due to high annual operational expenses and interest on working capital.

Fixed cost accounted for only 3.66%, which included depreciation on building, machinery, equipment, furniture, and interest on fixed capital.

Financial Feasibility

Table 7: Financial feasibility

Year	Total Cost(Rs.)	Total Benefit(Rs.)	Net Benefit(Rs.)	DF@15 %	PWC@ 15% DF	PWB@ 15% DF
2020-21	32,63,500	31,23,420	-1,40,080	0.87	28,39,245	27,17,375.40
2021-22	30,27,280	38,87,268	8,59,988	0.76	23,00,732.80	29,54,323.68
2022-23	35,24,663	46,58,237	11,33,574	0.66	23,26,277.58	30,74,436.42
2023-24	37,35,431	51,43,678	14,08,247	0.57	21,29,195.67	29,31,896.46
2024-25	42,35,260	57,23,708	14,88,448	0.50	21,17,630.00	28,61,854.00
Total					1,17,13,081.05	1,45,39,885.96
Net Present Worth (PWB-PWC)						28,26,805
Benefit-Cost Ratio (PWB/PWC)						1.24
Internal Rate of Return (Trial and error method)						43%
Payback period(Initial Investment/Annual Net cash Flow)						1.22 (1 Year & 3 Months)

Table No.7 presents the financial feasibility analysis of the agro service center over the period from 2020-21 to 2024-25. The enterprise showed increasing net benefits after 2020-21, indicating improvement in profitability and business performance over the years.

The total capital investment of Bhairavnath Krushi Bhandar was Rs 11,63,500. The annual operating cost was estimated at Rs 36,43,000 and total cost was Rs 42,35,260. The study found that the agro-service center provided consultancy services related to seeds, fertilizers, pesticides, crop protection, and marketing information.

The financial feasibility analysis showed:

- Benefit-Cost Ratio (BCR): 1.24
- Net Present Worth (NPW): Rs.28,26,805
- Internal Rate of Return (IRR): 43%

The positive financial indicators confirmed that the agro-service center is economically viable and profitable.

5. Conclusions

- The total cost of the unit was estimated was Rs. 42, 35, 260.
- Net Present Worth (NPW) was positive at Rs. 28,26,805
- 3. The Benefit-Cost Ratio (BCR) was found to be 1.24, indicating that the returns are higher than the investment.
- Internal Rate of Return (IRR) was calculated at 43%, showing profitability.
- The Payback Period Was 1.22 (1 year, 3 Months)
- The study concluded that Bhairavnath Krushi Bhandar plays an important role in supporting farmers through consultancy and agricultural input services
- The enterprise was found financially feasible with profitable returns. Agro-service centers contribute significantly to rural development, entrepreneurship

generation, and agricultural modernization in Maharashtra.

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