PAY FOR USE

FOR AFFORDABLE FARM MECHANIZATION
Need For Farm Equipment Rentals and Custom Hiring

- Small land holdings
- Underutilized equipment leading to lack of viability
- Equipment uses up a bulk of the capital leaving no money for allied activities like dairy, poultry
- Equipment ownership leads to build up of fixed costs whereas a weather dependant, price dependant..... variable output activity should have higher variable costs
- Developments such as NREGA are continuously driving down labour availability, creating greater need for bigger and larger machines such as cotton harvesters.
Benefits of Farm Equipment Rentals

- Lower input costs-Interest outflow.
- Customer pays for use- equipment becomes a variable cost leading to lower cash requirements.
- The greater range available allows the customer to match usage with equipment rather than one size fits all approach.
- Provides previously unavailable products/technologies to the average farmer- e.g. earlier smaller farmers had no choice but to burn crop residue but now they can easily avail equipments like baler. This also has positive consequences for environment.
- Water conservation technologies such as laser leveling now become accessible to small and marginal farmers.
Benefits of Farm Equipment Rentals

- Professional equipment providers can keep researching and adding to equipment bank- something the smaller farmer just cannot do.

- Our major problem of Post harvest losses will be minimized. (Storage and logistics being the other factors).

A Farmer needs an array of equipments throughout the year but can not buy all.
Challenges

- High cost of capital
- Lack of trained manpower
- Seasonality of business.
- Low participation by Government/State institutions
- Dealing with India’s very small sized holdings leading to a large number of low value transactions
- Equipment manufacturers have a sale only mindset and view this as a threat rather than an opportunity
Opportunities

- Professional equipment providers can keep researching and adding to equipment bank—something the smaller/local manufacturers just cannot do.
- A separate vertical/profit centre.
- Equipment/tractor manufacturers have tapped only 25% of the potential farmers/market.
- The greater range available allows the farmer to match usage with equipment, saving on fuel better yield.
SUGGESTED ROLE OF GOVERNMENT

The Government can help this vital sector by doing the following

- Include agricultural equipment hiring in the priority sector list
- Evolve a favorable tax/duty/excise structure for this sector. i.e. lower excise rates for cars to be used in the taxi segment. Like the benefits offered to hospitality & tourism sector for import of vehicles/machines.
- Exempt this sector from agricultural loan limits of Rs. 3/5 lacs because of capital intensive nature
- Convert capital subsidy on implements into smart subsidy.
SUGGESTED ROLE OF GOVERNMENT

- Help in communication to small farmers.
- Banks to finance implements also.
- Promote skill development in agriculture. In case the Government cannot itself train people it should provide incentives to private sector players willing to do so. On this issue it would be pertinent to note that outside India skilled manpower in agriculture earns much more than in other trades.
- In the present (Indian) context where large number of small and marginal farmers need urgent support, such Blended Value Business Models should be promoted. To make effective use of government resources even equity participation by government should be considered.
Results

- More than 5000 families have started to take Tractors & Implements on rent.
- People have started High Tech Equipment like RMB Ploughs & Sub Soilers.
- After taking training from us Farmers have purchased Balers. They are earning money as well as saving environment.
- 800 village youth got employment on custom hiring of Residue collection machines.
Results - Rice Straw Management

Zamindara Farm Solutions
Results - Rice Straw Management

Zamindara Farm Solutions
Awards
November 1, 2012
Mr. Nizam Akhuja
Chief Executive Officer
Zamindara Farm Solutions
Farakka, Punjab, India

Dear Mr. Akhuja,

We are very pleased to have Zamindara Farm Solutions (ZFS) interest and support in partnering with Africa LEAD in this agricultural professional development program sponsored by USAID. Access to agricultural mechanization is a big challenge to many farmers in Africa, especially smallholder farmers who lack the necessary scale and resources to access the appropriate technology, and yet play a critical role for achieving growth in this sector and food security for the impoverished.

The objective of the program is to place leaders in the emerging agricultural equipment sector from Africa in an internationally recognized agricultural equipment enterprise such as Zamindara Farm Solutions, an organization that has a history of working with smallholder farmers to learn first-hand international best practices in agricultural mechanization to bring back to their industry sector.

Gustavo Roberto from Liberia, Titus Galiwawa from Rwanda and Aaron Njuki from Uganda have been recognized by their respective country as participants in this important program where they can serve as leaders in the growth of their agricultural sector.

We are very excited about the upcoming program that Zamindara Farm Solutions has proposed for November 1st through December 1st 2012 and look forward to opportunities to partner and expand this program as we move forward.

This letter serves as a Non Disclosure Agreement because we understand the unique knowledge that Zamindara Farm Solutions has gained over the years and agree to maintain our confidence in any proprietary knowledge shared.

We are greatly appreciative of your support and role in the positive benefits gained from shared knowledge that will serve as change agents for African agriculture.

Thank you,

David Tartif-Dougall
Chief of Party

Zamindara Farm Solutions
P.O. Box 1134
Farakka, Punjab, India

Zamindara
Where farming is a culture
Awards
Thank You

Vikram A. Ahuja