

Custom Hiring Centre (CHC)

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Introduction

Custom Hiring Centre (CHC) are basically a unit comprising a set of farm machinery, implements and equipment meant for custom hiring by farmers. The main objective of CHC is to supply of farm implements to small, marginal and poor farmers at subsidized rates on hire. This enables the small and marginal farmers to take up farm operation on time.



Advantages of CHC:

- ✚ Provides access to small and marginal farmers to costly farm machinery.
- ✚ Reduces drudgery
- ✚ Reduction in cost of cultivation
- ✚ Work opportunities to skilled labour
- ✚ Increase in cropping intensity wherever feasible
- ✚ Efficiency in use of resources and applied inputs.
- ✚ Crop diversification

- ✚ Timely production
- ✚ Provides farm advisories

Objectives:

- ✚ Reduce the drudgery of women by the supply of women-friendly mechanical equipment.
- ✚ To make available various farm machinery / equipment to small and marginal women farmers mobilized under MzSRLM.
- ✚ To improve mechanization in villages with low farm power availability.
- ✚ Ensuring equipment availability in an entrepreneurship mode with an articulated business plan, so that it is operated sustainably.



Potential for Custom Hiring Center's:

The least amount of agricultural electricity is available for small/marginal land holdings. With small/marginal holdings making up 80% of all land holdings, CHC has a tremendous opportunity to meet the need for agricultural equipment throughout such a broad region. Recognizing this potential, the Indian government plans to expand farm electricity availability from the current level (0.93kw/ha) to 2kw/ha during the 12th plan period. One such effort to achieve the goal is the Sub Mission on Agricultural Machinery (SMAM).



Additionally, incentive programmes are being developed to entice business owners and agri graduate students to open bespoke employment facilities.

Therefore, keeping in view the emphasis of agricultural farm machinery and the need for taking the of farm machinery within the reach of small/marginal farmers, institutional credit needs to be made available for CHCs.

Location of the CHCs

Ideally, the CHC shall have to be located in a place where by and large small land holdings are located within a radius of 5 to 7 kms. This will reduce the transport cost and time of transport of agricultural machinery. In other terms, one CHC is expected to cater to 4/5 villages and therefore a common place equidistant from the villages catered is advisable.

Potential Borrowers

Although organizations like line departments and Multipurpose Societies, Primary Agricultural Credit Societies, Marketing Societies, etc. have equipment for bespoke hiring, a sizable sector is yet unexplored. In rural locations, informal employment practices are also common, although prompt availability is rarely guaranteed. Therefore, it's important to motivate people to establish CHCs, including progressive farmers, rural youth without jobs, agri grads, and village-level organizations like the Water Users Association, the Watershed Committee, the SHG Federations, etc.

CHC Unit

CHCs are basically a unit comprising a set of farm machinery, implements and equipment meant for custom hiring by farmers. Though certain implements and equipment are crop specific, the traction units like tractors, power tillers etc., and self-propelled machinery like combine harvesters etc., are used in common. Therefore, an ideal model envisaged in this project comprise farm machinery that are commonly used for tillage operations for all crops, multi crop equipment and a minimum of crop specific machinery.

Total Cost

This model is essentially suited for areas where paddy is cultivated predominantly. The CHC may comprise the following machinery:

- i. 35 hp tractor - for tillage operations, traction source and transport
- ii. Power tiller – for tillage operations in small farms, traction source for small equipment and agri input transport for short distance

- iii. Multi crop Power thresher
- iv. Winnowers
- v. Self-Propelled Reaper
- vi. Sprayers
- vii. Repairing tools

The cost of the unit works out to ₹15.50 lakh, which includes cost of construction of a work shed of 500 sq. ft. The land cost which is not considered in the project may however, be treated as margin. Provision of a workshop shed has been made for parking the machinery, carryout day-today repair, maintenance and service works.

Income and Expenditure

While the major income is generated out of custom hiring, recurring cost involved are fuel / lubricant cost for the machinery, driver charges, repair maintenance charges, labour, interest on bank loan and insurance are the major recurring cost taken in the economics.

Financial viability of the project:

The outcome is summarized as below:

Net Present Worth @15 % discounting factor = ₹343432

Benefit Cost Ratio = 1.08:1

Internal Rate Return =23.4%.

Average Debt Service Coverage Ratio = 1.49:1

