



Module 4: Business Planning & Operations

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Business Planning & Operations



Identifying Cluster and Produce Aggregation

Identify farmer groups based on crops, geography, and feasibility



Preparing a Business Plan

Analyze inputs, processing, and market linkage requirements



Custom Hiring Centers

Provide rental of farm equipment to enhance mechanization



Storage, Grading, Packaging Services

Establish infrastructure for storing, grading, and packaging produce



Learning Objectives

By the end of this module, participants will:

- Understand how to **identify clusters and aggregation strategies**
- Learn how to **prepare a practical and fundable business plan**
- Explore operational components like **custom hiring, grading, storage, and value addition**

◆ **Section 1: Identifying Cluster and Produce Aggregation**

A **cluster** is a defined geographical area with a concentration of farmers producing similar crops or engaging in similar activities.

Key Steps in Cluster Identification:

1. **Agro-Ecological Suitability:** Analyze soil, rainfall, and crop patterns.
2. **Farmer Base:** Target at least **300–500 active farmers** per cluster.
3. **Produce Homogeneity:** Common crop or commodity (e.g., cotton, banana, dairy).
4. **Market Proximity:** Access to mandis, traders, exporters.
5. **Logistics Support:** Nearby roads, transport, cold storage, etc.

Produce Aggregation Strategy:

- Mobilize producers into **Farmer Interest Groups (FIGs)**.
- Collect produce at **village-level collection points**.
- Use **weighing machines, grading units**, and maintain procurement registers.
- Employ a **Field Coordinator** for each 100-150 farmers.

◆ Section 2: Preparing a Business Plan

An FPC business plan should cover **technical, operational, financial, and marketing feasibility**.

Core Components of a Business Plan:

Section	Content
Executive Summary	Overview, objectives, business potential
Producer Profile	Number of members, landholding, produce type
Market Analysis	Demand trends, price fluctuations, key buyers
Business Model	Input supply, aggregation, processing, retail/wholesale linkage
Operations Plan	Roles of CEO, team, logistics, partnerships
Financial Plan	Start-up cost, working capital, 3–5 year projections
Risk Management	Crop failure, price drop, storage loss mitigation

Tools for Business Planning:

- **SWOT Analysis** (Strengths, Weaknesses, Opportunities, Threats)
- **Break-even Analysis**
- **Cash Flow Statement**
- **Sources of Funds** (Equity Grant, loans, member contribution)

Preparation Support:

- Use **SFAC/NABARD business plan templates**
- Facilitate training sessions through **CBBOs** and **POPIs**
- Involve stakeholders (market players, technical experts)

◆ Section 3: Custom Hiring, Storage & Value Addition

Operational infrastructure improves margins and reduces post-harvest losses.

Custom Hiring Centers (CHCs)

- Equipment pooling model (tractors, sprayers, seed drills, harvesters)
- Available on **rent to members** at subsidized rates
- Helps small/marginal farmers access mechanization
- Record rentals and fuel usage digitally or in logbooks

Storage & Warehousing

- Village-level godowns or cold storage units
- Store unsold produce during price dips
- Avoids distress sales
- Possibility of using **Warehouse Receipt Financing**

Grading & Packaging Units

- Enhances marketability and fetches premium prices
- Focus on **commodity-specific grading** (e.g., turmeric polishers, pulse sorters)
- **Standardized bags, branding, barcodes** improve credibility

Value Addition Examples

Commodity	Value Addition Activities
Tomato	Pulping, ketchup, packaging
Paddy	Cleaning, de-husking, branding
Milk	Chilling, pasteurizing, pouch packing
Mango	Pickling, pulp processing, bottle labeling
Cotton	Ginning, baling, branding

MCQs

Section 1: Identifying Cluster and Produce Aggregation

1. What is the ideal number of farmers in a viable FPC cluster?

- a) 50
- b) 100
- c) 300–500
- d) 1000+

 **Answer:** c) 300–500

2. Clusters should primarily be defined by:

- a) Village boundaries
- b) Crop homogeneity and market access
- c) District name
- d) Availability of FPO office

 **Answer:** b) Crop homogeneity and market access

3. The first step in aggregation is:

- a) Loan disbursal
- b) Formation of the General Body
- c) Organizing village-level FIGs
- d) Setting up cold storage

 **Answer:** c) Organizing village-level FIGs

4. What role helps manage produce aggregation at village level?

- a) CEO
- b) Board Member
- c) Field Coordinator

- d) Marketing Head
- Answer:** c) Field Coordinator

5. Which of the following is **not** a key cluster criterion?

- a) Common crop
 - b) Transport access
 - c) Government scheme availability
 - d) Farmer concentration
- Answer:** c) Government scheme availability

6. A well-chosen cluster improves:

- a) Insurance coverage
 - b) Legal fees
 - c) Collective volume and pricing
 - d) TDS deductions
- Answer:** c) Collective volume and pricing

7. Which tool is **essential** at aggregation points?

- a) Office register
 - b) Procurement ledger
 - c) Land record certificate
 - d) TIN
- Answer:** b) Procurement ledger

8. Farmers in an aggregation cluster should ideally:

- a) Belong to the same caste
 - b) Grow the same produce
 - c) Own tractors
 - d) Be trained as CAs
- Answer:** b) Grow the same produce



9. Aggregation helps FPCs in:

- a) Reducing board size
- b) Enhancing loan recovery
- c) Reducing per-unit cost
- d) Avoiding board meetings

Answer: c) Reducing per-unit cost

10. Which of the following is used to weigh produce during aggregation?

- a) IT returns
- b) Purchase receipts
- c) Electronic scale
- d) SPICe+ form

Answer: c) Electronic scale

Section 2: Preparing a Business Plan

1. What is the first part of a formal business plan?

- a) Executive Summary
- b) Financial Statement
- c) MoA
- d) Dividend Policy

Answer: a) Executive Summary

2. Which tool assesses internal strengths and external threats?

- a) Trial Balance
- b) SWOT Analysis
- c) ROC Filing

- d) Tax Ledger

 **Answer:** b) SWOT Analysis

3. What should a business plan include for accessing government schemes?

- a) Tender forms
- b) Profit share agreement
- c) Funding strategy and projections
- d) Employment letters

 **Answer:** c) Funding strategy and projections

4. Break-even analysis helps understand:

- a) Tax benefit
 - b) When profits start after covering costs
 - c) Shareholding patterns
 - d) TDS rate
-  **Answer:** b) When profits start after covering costs

5. Market analysis involves:

- a) Internet surveys only
- b) Demand trends, price analysis, competitor mapping
- c) Audit fees
- d) Land sale reports

 **Answer:** b) Demand trends, price analysis, competitor mapping

6. Which is **not** part of a financial plan?

- a) Cash flow
- b) Balance sheet
- c) Input invoice
- d) Working capital projection

 **Answer:** c) Input invoice



7. A business model section explains:

- a) How to fill ROC forms
- b) How the company will make revenue and operate
- c) How to hire an auditor
- d) CA qualification requirements

Answer: b) How the company will make revenue and operate

8. A business plan is **not** complete without:

- a) Logo design
- b) Member PANs
- c) Board resolution
- d) Operational and marketing strategy

Answer: d) Operational and marketing strategy

9. Business plan templates are available from:

- a) RBI
- b) CBOOs, NABARD, SFAC
- c) GST portal
- d) ROC

Answer: b) CBOOs, NABARD, SFAC

10. A cash flow statement tracks:

- a) TDS returns
- b) Share transfers
- c) Inflow and outflow of funds over time
- d) Compliance dates

Answer: c) Inflow and outflow of funds over time

Section 3: Custom Hiring, Storage, Grading & Packaging

1. A Custom Hiring Center (CHC) provides:

- a) Tractor loans
 - b) Insurance services
 - c) Farm equipment on rent
 - d) Legal services
-  **Answer:** c) Farm equipment on rent

2. What is typically rented through a CHC?

- a) Office building
 - b) Harvesters and sprayers
 - c) GST software
 - d) Audit templates
-  **Answer:** b) Harvesters and sprayers

3. Value addition increases:

- a) Tax deductions
 - b) Selling price and member benefit
 - c) GST input credit
 - d) Hiring costs
-  **Answer:** b) Selling price and member benefit

4. A cold storage unit helps:

- a) Buy land
 - b) Prevent post-harvest losses
 - c) Reduce voting rights
 - d) Store legal records
-  **Answer:** b) Prevent post-harvest losses

5. Which of these helps fetch better price for produce?

- a) MGT-7A filing
 - b) Grading and sorting
 - c) TDS remittance
 - d) DIN application
-  **Answer:** b) Grading and sorting

6. Grading is especially important for:

- a) Fodder
 - b) Perishable fruits and export crops
 - c) Fertilizers
 - d) Financial statements
-  **Answer:** b) Perishable fruits and export crops

7. Warehouse receipt finance is available if:

- a) FPC stores its crop in a recognized godown
 - b) CEO applies to GST portal
 - c) Director is also a trader
 - d) Shares are issued to banks
-  **Answer:** a) FPC stores its crop in a recognized godown

8. Which unit helps in product branding and labeling?

- a) Audit desk
 - b) Packaging unit
 - c) Legal cell
 - d) Tax cell
-  **Answer:** b) Packaging unit

9. Which document is used to track CHC rentals?

- a) Loan sanction letter
- b) Share register



- c) Usage logbook
 - d) ROC certificate
- Answer:** c) Usage logbook

10. What is the main benefit of shared custom hiring services?

- a) Increase board control
 - b) Reduce farming cost for small holders
 - c) Create tax rebates
 - d) Remove voting rights
- Answer:** b) Reduce farming cost for small holders

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