

MATRIC NO: 18/SMS13/002

DEPARTMENT: LAW

A FEASIBILITY REPORT FOR THE
DEVELOPMENT OF AN EIGHT HUNDRED
AND FIFTY HECTARES RICE FARM AND
ESTABLISHMENT OF 500 TONNES PER
WEEK CAPACITY RICE MILL AT MAXBE
RESORT ENUGU STATE BY FARM
WONDER BOY & CO AGROBASED
ENTERPRISE.

CONFIDENTIALITY AGREEMENT

The undersigned reader acknowledges that the information provided in this business scheme is confidential other than information which is in the public domain through other means.

Therefore the reader agrees not to share this information with a third party without the express written permission of the initiators of the proposed business and that any disclosure or use of same information by the reader, is likely to cause serious harm or damage to the initiators of the proposed business.

Upon request, this document is to be immediately returned to the initiators/promoters of the proposed business.

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PROJECT DESCRIPTION

This business plan is a synopsis of the establishment of a rice farm in Maxbe Resort in, Enugu State. Its objective is to look into the feasibility of and indeed economic viability of the development of a 850 hectare rice farm and a rice mill at the afore mentioned Resort. The farm will produce atleast 19,000 tonnes of rice in a period of 38 weeks. The rice will be processed at the established rice mill and packaged into bags, each bag shall contain 50 tonnes of rice . Hence the farm would be able to produce atleast 380 bags of rice in a period of 7 months. Half of the world's population depends on rice as their major food source. No doubt rice is one of if not the most consumed food in Nigeria, it is the fastest selling agricultural product in Nigeria and the prices spent on importation must be outrageous. Nigerians place value on rice and, it is demanded in large quantities especially in the South and South east where it is consumed on a daily basis and during almost every special occasions.

The project promises to make great progress,create economic and job opportunities, and make tremendous impact on the people by moving them to start businesses in the agricultural sector and proving to them that agriculture is a necessity in our society. It will also help prevent reckless foreign importation of rice seeing as we can grow it ourselves. By the time the farm has made a name, it intends to establish other branches in various states of Nigeria and make sales across other nations thereby increasing exportation of rice.

SPONSORSHIP

The farm is being sponsored by Maxbe resort Enugu and its present owner. The resort is a five star resort that has been in existence for almost 7 decades and intends to be passed on to

generations and generations to come in order to remain in existence. The current owner of the said resort in person of Dr. Chinemenem Maxwell has also declared his intent to render sponsorship from his own personal account. He has spectacular interest and taste in the agricultural sector, as a matter of fact he graduated with a masters degree in Agricultural science from the University of Jos and is in fact an expert in the field. He has also sponsored various other agricultural enterprises which have risen to success in a short span of time due to their effective production rate and reliable customer service amongst other reasons.

MANAGEMENT

This enterprise will be headed by a senate and a board of directors. The senate will comprise of myself, the CEO of Maxbe resort who is also an expert in the field, a spokes person, and the two other agricultural experts. Directly under the senate will be the board of directors which will consist of at least four agricultural experts and a finance officer, also a reliable economist. It is the duty of the board to propose agendas and give directives in order to see to the development and maximum yield of the farm. The head of the board of directors will be elected by the senate and will be called the Managing Director, his duty is to supervise and confirm the proposals of the board. He is to make sure that there is no scandalous activity taking place amongst board members. The senate will generate rules and regulations that shall govern the enterprise and the head of the senate will be called the President.

TECHNICAL ASSISTANCE

Mr. Maxwell has working relationship with the management team of Best royal Agro ventures Enugu which is established in processing of various agricultural crops like rice and will render technical assistance in that regard.

The association of farmers in six different communities in Enugu state alongside association of farmers in two communities in Bauchi will provide technical assistance as regards the supply of labour force

Tools and necessary equipment will be supplied by Agu & brothers apparatus in Abakiliki.

The resort will fund the rice mill factory completely and fund 80% of land purchase, the other 20% will be funded by the traders association of Ekpo Community in Enugu state

The Enugu state Government will also provide technical assistance as regards labour force and supplying atleast 4 different varieties of rice.

MARKET AND SALES

The initial target of this project is the local market; by local market we mean markets all around Nigeria. Afterwards the enterprise seeks to spread its wing and cover the whole of Africa and even further. Also due to the location of the farm which is in the resort, the farm is likely to get a lot of tourist attractions seeing as the resort itself is a site for tourist.

Market orientation: domestic; South South, South West Nigeria, Africa.

Market Share: Market share may vary according to quantity demanded by regions over a given year.

Users of Products: Can be made into different form for human consumption. Such forms are:

Cereal form

Flour form

Also rice milk is required by some people

Some varieties of rice are used for health purposes

It can also be used in production of beer and liquor

In modern times rice water has been discovered to add hair growth and most women have started to take advantage of it.

COMPETITION ANALYSIS

Kebbi is the state with the highest rice production rate. It recorded a harvest of 2 million metric tonnes of rice in the rainy season and about 1.5 million metric tonnes of rice in the dry season. Benue is second on the list producing a capacity 1, 500, 000 MT per year. No wonder this state is nicknamed the food basket of the nation. Ebonyi is the state where the popular Abakaliki rice is produced. The government set aside more than 80,000 hectares of land for rice production and farming in a view to be the main supplier of the crop in the country by 2025. Ebonyi state produces a capacity of 1.5 million metric tonnes of rice annually.

One thing most rice production states in Nigeria have in common is that each state has just one variety of rice which they produce. For the enterprise to excel fast it will have to do a much better job in the production of good rice and not just one type of rice but rather different varieties. As the popular saying goes “variety is the spice of life”

TARIFF AND IMPORT DUTIES

One of the main purposes of this establishment is to reduce import of rice to the barest minimum hence there will be no import duties as concerns this project. Moreover all equipments and tools required are manufactured and will be gotten here in Nigeria.

MARKET POTENTIAL

Rice is a highly consumed commodity and thus it is highly demanded all across the country. No doubt it will sell fast.

PROFITABILITY

Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations and other risks could affect output and profitability but smart strategies and solutions will be propounded by our able bodied team to take care of any challenge that the organization might face.

TECHNICAL FEASIBILITY

The production of rice and processing of rice are technically feasible. In terms of technology, rice processing involves the use of machines known as hauling mills by skilled personnel to process the rice and separate the shafts.

On the rice production, we have specialists in , irrigation, farm management, crop production, weed science, market development, agric extension and financing as part of our

management team. We also have specialists in quality control as part of our management team.

We will employ and work with only the best, that is trained personnel, people with proper knowledge of agriculture and people who care deeply about the agricultural sector

GOVERNMENT SUPPORT AND REGULATION

The project shall be Government approved seeing as it is in compliance with the plan of the federal government to make the nation an agricultural zone for the production of rice in the world.. It also supports foreign exchange and import reduction. It creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will profit from government intervention fund in the agriculture sector. The project will also benefit from the policy of zero duty for the import of agricultural produce. Restriction of forex for all food products will also widen market opportunity.

PROJECT TIMELINE

The project will be completed within 6 months and 2 weeks

ESTIMATED PROJECT COST AND REVENUE

FIXED COST

A)Land clearing

Activity	Qty	₦	K
Land clearing	1hectare	210,000	00
Cross cutting	1hectare	17,000	00

Rome ploughing	1 hectare	40,000	00
Subtotal	1 hectare	267,000	00
Total	850 hectares	226,950,000	00

B)EQUIPMENTS

Name	Qty	₱	K
Tractor	1	7,000,000	00
Disc harrow	2	1,680,000	00
Rice planter	10	3,350,000	00
Rice harvester	10	650,000	00
Rice thresher	5	800,000	00
Rice milling machine	5	4,000,000	00
Rice bagging machine	2	6,000,000	00
Total		23,480,000	00

C)VEHICLE

Types	Model	Qty	₱	K
Pickup truck	Ford	4	60,000,000	00
Delivery truck	GMC	2	22,000,000	00

D)IRRIGATION

Type	Qty	₱	K
Lawn sprinkler	80	4,500,000	00

OPERATING COST

Working capital		
	₦	K
Ploughing	10,000	00
Harrowing	8,000	00
Sub total	18,000	00
For 850 Ha	15,300,000	00
Mechanization and storage	80,000	00
For 850 Ha	68,000,000	00
Input/Ha	62,000	00
For 850 Ha	52,700,000	00
Area yield insurance	9,000	00
Produce aggregation	4,000	00
Geo spatial service	4,500	00
Subtotal	17,500	00
For 850 Ha	14,875,00	00
Interest per hectare	18,000	00
For 850 Ha	15,300,000	00
Total cost per Ha	180,000	00
Total cost for 850 Ha	153,000,000	00
Irrigation cost for 850 Ha(excluding fixed cost)	20,000,000	00

AMORTIZATION

	₦	K
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Land clearing per hectare	20,000	00
For 850 Ha	17,000,000	00

REVENUE

Yield per hectare 23 tonnes @ ₦55,000 per 50 tonnes		
	₦	K
Revenue per hectare	1,265,000	00
For 850 Ha	1,075,250,000	00
Net revenue for 850 Ha (without amortization)	105,000,000	00
Net revenue for 850 Ha (With amortization)	88,000,000	00

FUNDING MECHANISM

The resort will provide 400 Ha of cleared farmland in the resort

Equity investor to provide equity for equipment and vehicles purchase

Where possible equity investor to provide equity for working capital

CONCLUSION

The project is technically feasible and commercially viable. It is therefore recommended for funding.