Name: Green tamunonengiyeofori Joanna

Matric number: 18/sms02/027

College: SMS

Department: Accounting

Course code: Afe 202

Level: 200L

Assignment

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. spiral bind and submit upon resumption. Minimum of five pages, times new roman size 12 with double spacing. Send the soft copy to me to view

A Feasibility study business plan on cashew cultivation for TABGATE AGRO ALLIED LTD.

1. INTRODUCTION

Cashew(*Anacardium occidentale),* a native of Brazil, was introduced in Nigeria during the later half of the Sixteenth Century for the purpose of afforestation and soil conservation. From its humble beginning as a crop intended to check soil erosion, cashew has emerged as a major foreign exchange earner next only to tea and coffee. Cashew nut is one of the important nuts grown in the world and ranked first. Among various nuts such as hazelnuts, almonds, etc., cashew nut enjoys an unenviable position and it is an unavoidable snack in all important social functions especially in the western countries.

**2. AIM & OBJECTIVE**

This business feasibility studies try to show the likelihood of your proposed action succeeding or failing, through a careful look at the costs and opportunities involved. This studies helps to determine if a proposed strategic action makes sense operationally and will produce the desired results

**3.EXECUTIVE SUMMARY**

Feasibility Study on the establishment of a cashew cultivation is based on the survey made by Britech Plus+ Enterprises, and the business wholly owned by him Mr. Femi. The farm will be named **TABGATE AGRO ALLIED LTD** and will concentrate on

growth of cashew fruit and it’s by products. We will supply fruits, cashew nut and its other product forms to different quick service in south  west Nigeria and our vision is to be one of the known cashew product supplier in Nigeria with a mission to have varieties of cashew products at a very profitable venture. From the research that was carried out it was discovered that the demand for cashew nuts and it’s byproducts is not fully satisfied in Nigeria, though they  are already existing agricultural farms operating around borders of Abeokuta and Ogun state environment, the cashew cultivation plant will be sited at Obafemi Owode Local Governement, Abeokuta in Ogun state.

There are high demand in some part of Nigeria majorly Enugu, Lagos, part of Ogun. These legal requirements for the establishment of this venture such as local government revenue (tax) per month and security payment (vigilante) per month have been inquired and will be carefully complied with. Population: Obafemi-Owode Local Government has an estimated population of 230,000. Land mass: It is made up of about 1,204 towns and villages with a land mass of 104,787.07 hectares of largely agricultural land.Obafemi Owode Local Government is endowed with vast fertile land suitable for the cultivation of rice, kolanut, sugarcane, maize, cassava, tomatoes and a wide variety of vegetables. The Local Government is generally regarded as the land of OFADA rice. The major food crops of the area includes cassava, rice, cocoyam, plantain, maize and vegetable, while palm produce and cocoa form the major cash crops.

Obafemi Owode Local Government has some motorable (graded) roads which are linked by state and federal road network for inter and intra city connections. The Federal roads running through the Local Government area include:

1) Lagos-Ibadan Express way

2) Abeokuta-Sagamu road

3) Sagamu-Papalanto roadState roads within the area include:

4) Owode-Siun-Ofada road

5) Siun-Iperu road

6) Ogunmakin-Ajebo road

7) Ofada-Mowe road.

 The venture will help in providence employment to the locals meeting the demand of cashew nuts and making the price affordable in future, **TABGATE AGRO ALLIED LTD** intends to developinto other cashew by products.

**3.1 STRATEGY AND IMPLEMENTATION SUMMARY OBJECTIVE**

1) To increase number of our client by 50% within 5 years of existence.

2) To evaluate our strategic marketing by every three months.

3) To maximize profit by 50% every year.

4. MARKET ANALYSIS

 **4.1 TACTICS AND STRATEGY IMPACTS.**

**TABGATE AGRO ALLIED LTD**products will be priced at affordable rate. When a markup is placed on any of our products, customers will be willing to pay because of the affordable price. The business to be established is a cashew plantation that will concentrate on the production of cashew nuts and its byproducts because of the fund required the venture will start as a small scale  business in Obafemi Owode Local Governement, Abeokuta in Ogun state with 100hectres of land. The farm site will be a permanent land and will need necessary equipment for its operation as it is entirely new firm to start from the scratch.

**4.2 MAJOR COMPETITOR**

1) Valency Cashew Processing Limited , Abeokuta Unity Estate Off Lagos-ibadan Expressway Ibafo Ogun Cashew Nuts Soy Milk Food Processing Machinery Nuts & Kernels Bean Products

2) E.L.O Ngodo Enterprises Limited , 38 Ebenezer Akintunji Avenue Ikotun Lagos  Agricultural Greenhouses Cocoa Beans Chickpeas Agricultural Product Stock Dried Flowers

3) Trinity Agros , Akure Legacy Palace Lodge Ibadan-ilesha Expressway Akure Soybeans  Animal Extract Honey Beans Agriculture

4) Vogue Express Nig Ltd, Lagos 20 Church Street Odonguyan Ikorodu Lagos Cashew Nuts Graphite Powder Lime Graphite Products Nuts & Kernels

4.3. MINOR COMPETITORS

**1) Obasanjo farm (Ota farm) company.**

 The owner of this company is Chief Olusegun Obasanjo, he is also known as a retired army officer, and politician. His farming company is known as Ota farm, but the full name is Obasanjo Farms Nigeria Limited. The company  was opened on October 8, 1979. In the beginning, the staff of the company consisted of four  bulldozer operators and now the number of workers is about 7,000. Obasanjo farm played an important role in the development of agriculture in Nigeria. The company was a pioneer of mechanization in the industry and this is one of the reasons for its success. Obasanjo farm considers agriculture as a profitable and vital industry important for all spheres of life. Today a high-class expert manages the company. The territory of the farm is around 30 thousand hectares.

 **2) Maizube farms**

The owner of this company is General Abdulsalami Abubakar, he is also known for his military and political career. Maizube Farms Limited plays an important role in the development of agriculture in the country in this era. The farm is located in Minna, Niger State. It is a 500-hectare multi-product farm that has crop and livestock sections. The company is considered as one of the most stable sources of animal and crop products.

**3) Sebore Company**

 is a multipurpose farm situated in Mayo Belwa, Adamawa State. This is one of the largest mechanized farms in the country. Anandaruya farms the president/CEO of the company is Usman Dantata Jr. The large company is a poultry farm located in Tiga, Bebej, Kano State. The company was founded by Alhaji Usman Sanusi Dantata in the 1960s. Now the company produces above 3, 000 broilers weekly. The company is considered the most viable farm in the country at the present time.

**4) Jovana farming company**

 The Company is situated in Mushin, Lagos. The specialization of the company is farming of animals grass cutters (greater cane rats), quail, rabbits, guinea pigs, antelope, fish, and so on. The CEO of the farm is Prince Arinze Onebunne, he is also a known consultant in the questions of farming.

 4.3.1 Cashew Nut Processing Business Plan – MARKET ANALYSIS

 a) Market Trends

Cashew nuts have become one of the most consumed nuts amongst other types of nuts; this is because of the positive effects of nuts such as these on the human body. However in order to meet the growing demand, genetically modified crops have been looked into which will help those in the business to keep up with demand.

Nuts especially those of cashew contain nutrients such as fibre, proteins, folate and several other minerals, and this has encouraged more people to consume this nut daily.

Cashew nuts which come from the cashew tree grow in tropical regions and as such businesses that process these nuts in these regions spend less to get them, as against those that process the nuts in areas where the cashew trees don’t grow.

b) Our Target Market

Our processed organic cashew nuts will be one that will be made available to all our customers in our target market. Our target market however at a glance cannot be restricted to just a group of people, which is why we have conducted a market research that will enable us fully determine who we are really going to sell our products to.

The market research we have conducted will enable us have an idea of the market and what we should be expecting from them. We therefore are in business according to research to cater to the following groups of people;

I) Bakeries

II) Confectioneries

III) Households

IV) Celebrities

V) Workout enthusiasts etc

4.3.2 Our Competitive Advantage

Our intention of starting Cashew Cultivation is to ensure that we build a business that will be amongst the top one well known processed cashew nuts brand globally and will be amongst the first top five brands here in the Federal Republic of Nigeria. To achieve this huge vision, we have come up with competitive strategies that will allow us compete favourably against our competitors.

We intend to process cashew nuts, which we know is more difficult to procure but which our clients will prefer. We have therefore set plans in place to ensure that we are able to grow our own cashew so as to fully achieve our vision. Our facility is not only one that is well equipped and fitted with standard equipment but is also conducive and accessible to our employees.

All those who work for us come with vast experience and our management staff are those who are not only highly experienced but understand how to build a business from scratch to becoming a national phenomenon. We have a solid distribution network and an excellent customer service culture that will be of great advantage to our business. Finally, we have great welfare and incentive packages that will ensure that our employees are well paid, and that those who work hard enough get incentives that is intended to boost their attitude.

4.4 Cashew Nut Processing Business Plan – SALES AND MARKETING STRATEGY

a) Sources of Income

TABGATE AGRO ALLIED LTD is established with the aim of generating revenue and maximizing profit in the agro processing cum food industry here in Nigeria. To maximize this profit, we are going to do all that we can to ensure that a large percentage of our target market gets our products.

TABGATE AGRO ALLIED LTD will therefore generate income by selling the following products and services;

I) Sale of processed packaged cashew nuts – salted and roasted – to all our various clients

II) Franchise

III) Consultancy and Advisory Services

IV) Training

V) Processing of Cashew Fruits Juice- In nearest Future

b) Sales Forecast

The use of processed cashew nuts have spread from commercial purposes to personal purpose, which means there will always be a demand for processed cashew nuts.

Since cashew nuts grow majorly in tropical regions, our location here in Abeokuta means that we are well positioned to meet the demands of our target market all over Nigeria in not only generating enough income but also making enough profit in our Third year and breaking even in our forth to Sixth year.

Our optimism stems from the fact that we carried out critical examination of the agro processing industry cum the food industry in order to analyze our chances and know how we were likely to fare not only in this industry but from the environment where we are operating from. Data and information that was used to forecast our sales projection were taken from similar start-ups such as ours here in Abeokuta and all over Nigeria.

Below therefore are the sales projections for TABGATE AGRO ALLIED LTD and based on several assumptions and data gotten from the market;

Third Fiscal Year-: N100,000,000 – N150,000,000

Fourth Fiscal Year-: N150,000,000 – N200,000,000

N.B: The above sales projections were carried out based on what we obtained from the industry for the stated period. The assumptions used were that there won’t be an economic meltdown and that we won’t have to battle with the arrival of a major competitor offering same services during the stated period. Should there be any change whatsoever in the above assumptions used, it would affect our sales projections and might cause an increase or decrease in the figures.

**Marketing and Sales Strategy**.

Marketing is a very important part of any start-up business as this section not only has to understand what the target market wants but also know the right strategies that will be needed to be applied on this target market in order to bring forth results – revenue. The revenue gotten from marketing a business is what is being used to continue to run the business after the capital must have been exhausted. Marketing therefore is very paramount to the growth of a business.

In view of this, we intend to first conduct a thorough market research that will allow us understand our target market and what to expect from them. Also the market research will allow us draft effective marketing strategies that will allow us have a huge share of the market and also be able to compete favourably against our competitors, not only here in western side of Ogun but all around the Federal Republic of Nigeria. We will also look for new target markets so as to gain grounds and have a large share market in centre side of Abeokuta Nigeria.

We intend to ensure that our marketing and sales team are not only empowered to monitor the marketing strategies drafted but also review and remove the ones thought to be ineffective or ones that will not fully achieve what we intend it to. Our marketing and sales team will also make use of technology and other means in ensuring that our processed cashew nuts are marketed to our target audience.

Therefore, the marketing and sales strategies that we intend to adopt at TABGATE AGRO ALLIED LTD in selling and marketing our business are;

i) Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry.

ii) Throw a unique party before declaring the business open, to generate interest amongst our target market.

iii) Place advertisements in local newspapers and food and lifestyle magazines as well as on local radio and television stations.

iv) Use our social media platforms such as Facebook, Twitter and Instagram to market and sell our processed cashew nuts.

4.6 Our Pricing Strategy

Setting the right price for our cashew nuts and juice is very important especially as we intend to make profit from our business. It is important therefore that we identify all the factors necessary so that we would be able to offer fair prices to our customers whilst also not running at a loss as a business ourselves. The factors that we will consider are what our overhead and running costs are, what our competitors are offering and what the industry determines as fair without causing a price war.

In order therefore for us to attract the number of customers that will allow our business to grow as it should, we will be offering a discount on our processed cashew nuts for the period of three months. We have carried out a careful study of this period and have determined that even though we will be running at a low gross margin for this period, we will not be incurring any loss whatsoever for our business.

Payment Options

Due to the all-inclusive payment plans we intend to adopt at TABGATE AGRO ALLIED LTD that will accommodate all our different customers and their diverse preferences, we have carefully studied several payment options and come up with the best.

Some of the payment options that we therefore will make available in every of outlets include;

a) Payment via cash

b) Payment via Point of Sale (POS) machine

c) Payment via Credit Card

d) Payment via online payment portal

e) Payment via bank draft

In view of this, it should be noted that we carried out careful deliberations on each payment option before adopting it. The above payment options will be advantageous to both our company and our clients as well.

5. MANAGEMENT TEAM

a) FARM MANAGER (1)

Job Duties and Tasks for: "Agricultural Crop Farm Manager" QUALIFICATION: HND/BSC (AGRICULTURAL SCIENCE)

b) CASHIER/ACCOUNT (1)

QUALIFICATION: HND/BSC (ACCOUNTING)

STORE KEEPER/WAREHOUSE OFFICER QUALIFICATION: ND (INVENTORY MANAGEMENT)

c) FARM ATTENDANT (6)

QULIFICATION: ND (ANY SCIENCE RELATED COURSE)

d) FACTORY WORKERS (4)

QUALIFICATION: SSCE/ND (ANY RELATED SCIENCE)

e) CLEANER (2)

QUALIFICATION: SSCE

f) SECURITY OFFICER (4)

QUALIFICATION: SSCE

6. TECHNICAL SPECIFICATIONS/ PRODUCTION PLAN

6.1 OPERATIONAL PLAN

Introduction

Cashew was introduced into Nigeria by the Portuguese traders around the 16th century (Woodroof 1967; Ohler, 1979). It was first planted in Agege, Lagos State, from it spread to a few other parts of the country through transfer of nuts by man. For over 400 years after introduction, cashew trees were exploited mainly for apple; no commercial value was attached to the nuts (Aliyu, 2012). The first commercial cashew planting in Nigeria was in the mid 1950 at Ogbe, Oji, Udi and Mbala by the defunct Eastern Nigeria Development Corporation (ENDC) and Iwo, Eruwa and Upper Ogun by the defunct Western Nigeria Development Corporation (WNDC) (Akinwale and Esan, 1989; Asogwa et al., 2009). These plantations were established with introduced Indian cashew varieties. Progress in the cashew industry then was low due to general neglect and poor management of the plantations. With the involvement of private entrepreneurs, Federal and State Governments, and affluent farmers more nuts were obtained in 1978, 1980 and 1982 from India, Tanzania, Mozambique and Brazil to broaden the cashew genetic base of the country. Today, cashew cultivation has spread to almost all the states of Nigeria with increased processing, shipping and exporting activities. It is noteworthy that the majority of export quality nuts come from the Western and Eastern parts of the country. Cashew cultivation is taken up in small and marginal holdings and as more than 70% of the cashew area is under this category, cashew plays an important role in the development of small and marginal farmers.

The National Cashew Association of Nigeria (NCAN) is the umbrella body charged with regulating the Nigerian Cashew Industry for the benefit of all stakeholders be it Cashew Farmers, Traders, Processors Exporters and Service Providers

Cashew is national crop and is grown in 19 states; Abia, Anambra, Akwa Ibom, Benue, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Imo, Kogi, Niger, Nassarawa, Ogun, Osun, Oyo, Taraba and Kwara.

However, cashew can be grown in almost all the states of Nigeria. The Nation currently produces 120,000 tons of Cashew Nut annually and has capacity for much more.

WHAT THEY DO

I) Promote the Nigerian cashew industry.

II) Encourage investment into the Nigerian cashew sector.

III) Regulate the industry for the benefit of the stakeholders:

Cashew Farmer, Traders, Exporters, Processors and all Service Providers.

IV) Encourage increased Local and International Consumption of Nigerian Cashew.

V) Encourage increased value addition to Nigerian Cashew.

VI) Encourage increased planting of cashew trees across Nigeria.

6.2 Technical Requirements of Cashew Cultivation

A) Soil

The general notion is that "cashew is very modest in its soil requirements and can adapt itself to varying soil conditions without impairing productivity". While Cashew can be grown in poor soils, its performance would be much better on good soils. The best soils for cashew are deep and well-drained sandy loams without a hard pan. Cashew also thrives on pure sandy soils, although mineral deficiencies are more likely to occur. Water stagnation and flooding are not congenial for cashew. Heavy clay soils with poor drainage and soils with pH more than 8.0 are not suitable for cashew cultivation. Excessive alkaline and saline soils also do not support its growth. Red sandy loam, lateritic soils and coastal sands with slightly acidic pH are best for cashew.

B) Climate

Cashew is a tropical plant and can thrive even at high temperatures. Young plants are sensitive to frost. The distribution of cashew is restricted to altitudes up to 700 m above mean sea level where the temperature does not fall below 20°C for prolonged period. Areas where the temperatures range from 20 to 30°C with an annual precipitation of 1000 - 2000 mm are ideal for cashew growing. However, temperatures above 36°C between the flowering and fruiting period could adversely affect the fruit setting and retention. Heavy rainfall, evenly distributed throughout the year is not favourable though the trees may grow and sometimes set fruit. Cashew needs a climate with a well-defined dry season of at least four months to produce the best yields.

6.3 Planting material

Cashew is a cross pollinated crop and exhibits wide variation in respect of nut, apple and yield of seedling progenies. Therefore, vegetative propagation has been advocated to mitigate this problem. Air layering has been quite successful but survival percentage is low and it has been reported that the plantations raised from air layers are more susceptible to drought and the life of such plantation is shorter as compared to that of grafted or seedling ones. The anchorage has also been observed to be poor, especially in cyclone prone areas. Epicotyl grafting and softwood grafting are found to be successful because it is easy to produce large number of grafts in a short time. The percentage of field establishment is also reported to be high with these grafts. Adequate thrust has been given to produce enough planting material through these standardized techniques by the ICAR (through the Directorate of Cashew Research, its sub-stations, Agricultural Universities and State Departments of Horticulture/Agriculture), to meet the growing demand. Production of cashew planting material is one of the economic activities in most of the states. The planting material is raised in these nurseries within a year. The farmers can purchase planting material from these nurseries but care should be taken that the planting material is purchased from authentic and certified nurseries. The supplier should have the details like age of the plant, variety of the cashew, rootstock used etc. and the same should be mentioned in the bill/ cash receipt.

6.4 Preparation of Land

The land should be ploughed thoroughly and levelled in case of agricultural lands. In case of forestlands, the jungle should be cleared well in advance and the debris burnt. After clearing the jungles, land is to be terraced or bunds constructed on sloppy land. In order to ensure better moisture conservation, soil trenches are dug across the contours. The cost of land preparation will vary depending upon the type and method of soil working. Nowadays, use of JCB for soil working is most popular; hence a provision for use of soil working is made in the model. The land preparation work should be completed prior to the onset of monsoon season i.e. during May – June.

6.5 Digging and filling of pits

The work of digging of pits has to be completed much in advance (May – June). Cashew can be planted in pits of 60cm x 60cm x 60cm size in soils with normal strata. In hard lateritic soils, pits of 1m x 1m x 1m size are recommended. The top soil and sub-soil are kept separately and allowed to wither under sun. It helps in migration of termites and ants. Burning of the debris and forest wastes inside the pits before planting is advantageous.

6.6 Planting

The grafted plants obtained from the superior mother plant are usually planted at the onset of monsoon. It is essential to provide stakes and temporary shade with the locally available materials wherever necessary (especially in the South West aspects in case of forest plantation) to reduce the mortality rate and achieve quicker establishment. If the monsoon rains are inadequate, one or two pot irrigation can be done during the initial stages to ensure establishment.

6.7 Mulching

The cashew is generally planted on the wastelands and hence availability of soil moisture is always low, hence, mulching is essential. Mulching with black polythene is beneficial to increase the growth and yield of cashew. However, locally available materials like green or dry grass or weeds can be utilized for mulching the basins. Small pebbles or stones can also be used for mulching of the basin. The plastic or stone mulch does not improve soil health but ensures better moisture retention in the soil and also prevents attack of soil borne insects and pests.

6.8 Manuring and fertilization

In our country, application of manures and fertilizers is very limited in the case of Cashew. In order to get better yield, it is essential to maintain adequate N:P:K ratio in the soil. Application of 10-15 kg of farmyard manure per plant is recommended to ensure adequate organic matter in the soil. The fertilizers recommended for a mature cashew tree are 500 g N (1.1 kg urea), 125 g P2O5 (750 g Single Super Phosphate and 125 g K2O (200 g muriate of potash).

6.9 Pests and diseases

It is observed that there are about 30 species of insects infesting cashew. Out of these tea mosquito, flower thrips, stem and root borer and fruit and nut borer are the major pests, which are reported to cause around 30% loss in yield.

I) Tea Mosquito

The nymphs and the adults of tea mosquito (Helopeltis spp.) suck sap on the tender leaves, shoots and inflorescence and even young nuts and apples. The saliva of the insect is very toxic, which causes blistering at the site of infestation. Severe attack on the young shoots cause dieback. Attacked inflorescence usually can be recognised from a distance by their scorched appearance. Tea mosquito population builds up during the beginning of the rainy season, when the cashew tree is full of new flush.

Tea mosquito can be controlled by spraying carbaryl 0.1.% or phosalone 0.07% or dimethoate 0.05%. Spraying should be done thrice, first at the time of flushing, second at early flowering and third at the time of fruit set.

II) Thrips

Both nymphs and adults suck and scrape at the underside of the leaves, mainly along main veins, causing yellowish patches, latter turning grey, giving the leaves a silvery appearance. The thrips are more active during the dry season. 0.05% monocrotophos or 0.1% carbaryl are very effective for controlling thrips.

6.10 Harvesting and Yield

Cashew plants start bearing after three years of planting and reach full bearing during tenth year and continue giving remunerative yields for another 20 years. The cashew nuts are harvested during February – May. Normally, harvesting consists of picking of nuts that have dropped to the ground after maturing. However, if the apples are also used for making jam, juice, syrup, Fenni, etc., the fruit has to be harvested before it falls naturally. The cashew apples are removed and the nuts are dried in sun for 2-3 days to bring the moisture level from 25 per cent to 9 per cent. The maturity of the cashew nut is tested by floatation method. The mature nuts sink in water while the immature/ unfilled ones float. The nuts are collected at weekly intervals from the farm during the harvesting season. During that period the land should be clean in order to facilitate collection of cashew.

6.11 Processing

The processing of cashew involves the following steps:

- Preliminary cleaning

- Roasting

- Shelling and separation

- Drying

- Peeling

1)Preliminary cleaning of cashew nuts is done by manual picking of large objects and by sieving. Processing

The objective of cashew processing is to extract the healthy, tasty kernel from the raw nut in the shell. Most modern factories are designed to obtain the maximum number of whole nuts and as much shell oil as possible.

2)Drying

Harvested nuts are dried in the sun for a few days. Properly dried nuts can be stored for 2 years before being shelled. Nuts are roasted to discharge the caustic shell oil and acrid fumes. Hand shelling is impossible if the shell oil has not been removed previously. Kernels must be protected from contamination by the shell oil because it would cause blisters in the mouth and throat when eaten. Before the nuts are roasted they must be soaked in water—the moisture in the shell facilitates the rupturing of the cells containing shell oil and retaining it in the shell. Moisture makes the kernel slightly rubbery and limits breakage of the kernels. The easiest method to wet the shells is to heap the nuts into big piles and to use sprinklers intermittently. Steam may also be used.

The simplest roasting method is to heat the nuts for about a minute in an open pan with holes. Acid fumes are released and if the nuts should catch fire the flames can be doused with water.

3)Shelling

This is the most difficult operation in cashew processing. In India shelling is mostly done by cheap female labour. Shelling is carried out by using special wooden mallets and pieces of bent wire, at a rate of about 200 nuts per hour.

Mechanical shelling methods are difficult to design because of the irregular shape of the nut, hardness of the shell and brittleness of the kernel. In some mechanical processing plants compressed air is used to crack the nuts.

4)Removal of the testa

Before the thin, papery seed coat (testa) can be removed, the kernels must be dried. Nuts are dried on big racks in an oven at 70 °c. The testa becomes dry and brittle and is easily removed. The remaining traces of membrane are removed with bamboo knives. Modern factories use electronic machines to detect nuts with pieces of remaining testa which are then sorted and cleaned by hand.

5)Grading

Kernels, whole and broken, are sorted into 6 grading schedules. There is only a small demand for broken or dark and unevenly roasted kernels.

6)Packaging

Kernels are dried to 3 % moisture content before they are packed.

6.12 Cashew Nut Processing Business Plan – SWOT Analysis

In our bid to ensure that we run a standard cashew nuts processing business, we have engaged the services of the finest business consultant here in Ogun to look through our business concept and determine how best suited we are to not only run a standard cashew nuts processing business but to also favourably compete with other similar businesses as well.

Due to this we have taken stock of our strengths, weaknesses, opportunities and threats and used this to understand how we are likely to survive not only in our industry here in Ogun but also all over Federal Republic of Nigeria as well. The result we got after conducting the SWOT analysis for TABGATE AGRO ALLIED LTD;

1) Strengths

Our strength lies in the fact that the cashew nuts we process are organic which will be able to meet the dietary needs of our various clients. We have the best equipment in place that will be able to handle a large batch of processing without getting spoilt.

We have the best preservation unit that will see our nuts lasting as long as possible without going bad. Our employees are the best in the field and have the experience necessary to ensure that we achieve all our corporate goals and objectives. Finally, our Chief Executive Officer has vast experience and the necessary expertise that will ensure that we achieve all that we set out to.

2) Weaknesses

We are a new company and as such do not have the necessary finance and staff strength needed to compete against already established cashew nuts processing businesses, which means that it will be hard for us to break into the industry here in Abeokuta and all over Nigeria. We however have plans in place that will help us overcome this.

3) Opportunities

There are several opportunities available to us in this industry as there are lots of people who understand the dietary benefits of cashew nuts and are convincing others to consume cashew nuts.

4) Threats

Every business faces threats every now and then and so the arrival of a new competitor to our same location, offering the same services is a threat as well as stringent government policies regarding the agro processing industry.

7. MARKETING PLAN

 Therefore, the marketing and sales strategies that we intend to adopt at Tabgate Agro Allied Ltd. in selling and marketing our business are;

* Ensure that we introduce our cashew processing nuts business formally to high level and corporate clients as well as other stakeholders in the industry
* Throw a unique party before declaring the business open, to generate interest amongst our target market
* Place advertisements in local newspapers and food and lifestyle magazines as well as on local radio and television stations
* Use our social media platforms such as Facebook, Twitter and Instagram to market and sell our processed cashew nuts

9. FINANCIAL AND ECONOMIC PLANS

9.1 BUSINESS EVALUATION OF FARM/FINANCE This evaluation is based on Cashew nuts and Juice

* Start–Up Expenditure (Budget)

When starting a cashew nut processing business, there are certain aspects where one is expected to spend the bulk of the generated capital on, and most of the bulk of this capital is usually used for stuffs that are majorly under overhead expenses like renting a facility, procuring equipment and getting a vehicle. Others may be running expenses such as paying the salaries of employees as well as utility bills.

LAND CHARGE`S ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 100 Hectare/Year | 10 Years Cost |
| 1 | Annual Land Rent (5,000/Hactre)  |  ₦ 500,000  | ₦ 5,000,000 |
| 2 | Payable Fee of Submission Point |  | ₦ 50,000 |
| 3 | Crop Remuneration Service Charge(2000/Hactre) | ₦ 200,000 |  ₦ 12,000,000 |
|  | Land Clearing charges  | ₦ 1,200,000 | ₦ 12,000,000 |
|  | TOTAL COST OF LAND UTILIZATION FOR 10 YEARS | ₦29,050,000 |

The key areas where we will be spending our start-up capital on are;

|  |  |  |
| --- | --- | --- |
| NO |  ITEMS/MATERIALS |  COST |
|  | FIXED COST | OPERATIONAL COST3 Year Projection |
| 1 | Total fee for registering the business in Nigeria– | ₦120,000  |  N/A |
| 2 | Obtaining of licenses and permits as well as accounting software and other legal expenses are –  | ₦250,000 |  N/A |
| 3 | Cost of hiring a business consultant –  | ₦55,000 | N/A |
| 4 | Insurance coverage (general liability, workers’ compensation and equipment insurance) –  | ₦10,500,000 | N/A |
| 5 | Marketing promotion expenses – for general marketing expenses as well as for the grand opening of TABGATE AGRO ALLIED LTD –  | ₦3,050,000 | N/A |
| 6 | Operational cost for the first 36 months (paying of employee salaries) –  | N/A | N14,400,000 |
| 7 | Cost of start-up inventory (raw cashew nuts, Fertilizer and packaging materials) –  | ₦10,000,000 | N/A |
| 8 | Cost of Generator Perkins Soundproof Generator30KVA–  | ₦ 2,303,000 |  N/A |
| 9 | Cost of administrative expenses (stationery, phones, computers and furniture) –  | ₦1,500,000 | N/A |
| 10 | Cost of storage hardware (rack, preservation unit, shelves and bins) – | ₦5,000,000 | N/A |
| 11 | Cost of purchasing store equipment (cash register, ventilation and signage) –  | ₦600,000 | N/A |
| 12 | Cost of purchasing a distribution/delivery van – | ₦14,235,000 | N/A |
| 13 | Cost of leasing a facility for at least TEN years and carrying out renovations –  | ₦29,050,000 | N/A |
| 14 | Cost of launching an interactive website – | ₦240,000 | N/A |
| 15 | Cashew Shelling Machine – | ₦684,000 | N/A |
| 16 | Dehydrator Machine- | ₦ 300,000 | N/A |
| 17 | 4Bore Hole plus Water running – Irrigation system | ₦5,000,000 | N/A |
| 18 | Sumec Chest Deep Freezer –SF-250C-3years Warranty | ₦ 77,000 | N/A |
| 19 | Jam Agitator Juice Blending Mixing Machine for juice US $3,000-9,000/ Set Guangzhou Lianhe Machinery Co., Ltd.  | ₦3,285,000 | N/A |
| 20 | Juice Packaging Bottle and Labels (50N/bottle) | N/A | ₦89,250,000 |
| 21 | Cost of 3 bedroom Flat with production space | ₦20,000,000 |  |
| 22 | Diesel and Utility Bill | N/A | ₦10,000,000 |
| 23 | Land Preparation | N/A  | N1,500,000 |
| 24 | Miscellaneous – | N/A  | ₦1,000,000 |
|  |  |  |  |
|  |  | ₦106,249,000 | ₦116,150,000 |
|  | TOTAL ESTIMATED EXPENDITURE | ₦222,399,000.00K |

9.2 Financial Viability and Bankability

Project Cost The cashew tree starts bearing during third year but the income is not sufficient to cover the expenses. Hence, the cost of development up to third year is capitalized. The project cost estimated for hundred ha of cashew plantation is and the details are presented in fig 9.

Annexure I : Techno-economic parameters

|  |  |
| --- | --- |
| Spacing | 7.5 m x 7.5 m |
| varieties | Vengurla 4, 6 & 7 |
| Planting Material | Grafts/Seedlings |
| Plant Population (plants/ha) | 750 |
| Land preparation (Naira./ha) | 15000.00 |
| Labour (Naira./manday) | 1500.00 |
| Planting material (N./plant) | 200.00 |
| Farm Yard Manure (N./MT) | 1200.00 |
| Urea (N./kg) | 5.70 |
| Single Super Phosphate (N./kg) | 5.80  |
| Muriate of Potash(N./kg) | 16.60 |
| Plant protection material (N./litre) | 300.00 |
| Sale price of Cashewnut (N./kg) | 3000.00 |

TARGET SALES INCOME PRJECTION FOR CASHEW NUTS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| FACTORS |  COST | Calculation in weight | Expected weight in Tonnes | Sales Price estimate  |
|  | Number of Estimated Cashew Tree  | Estimated number of Fruits 357 fruits/tree | Average weight of a cashew nut is 9g  |  | 2.2Million Naira/Ton |
| One Plot of land  | 20 trees | 7140 fruits | 499996g |  |  |
| One Acre of Land  | 20\* 6 = 120 trees | 42,840 fruits  | 29999760g |  |  |
| One hectare of land | 2.5 \* 120 = 300 trees | 107,100 fruits | 74999400g |  |  |
| Hundred hectares | 300\*100=30,000 trees  | 10,710,000 fruits  | 96,390,000g | 96.39 Tonnes | ₦212,058,000 |

 TARGET SALES INCOME PROJECTION FOR CASHEW JUICE

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| FACTORS |  COST | 6pcs/75cl bottle | Market Price | Sales Price |
|  | Number of estimated cashew trees | Estimated number of Fruits 357 fruits/tree | 6pcs/75cl bottle | N/A | ₦60/bottle  |
| One Plot of land | 20 trees | 7140 fruits | 1488 | N/A | ₦89,280 |
| One Acre of Land | 20\* 6 = 120 trees  | 42,840 fruits | 7140 | N/A | ₦535,500 |
| One hectare of land | 2.5 \* 120 = 300 trees  | 107,100 fruits | 17850 | N/A | ₦1,231,620 |
| Hundred hectares | 300\*100=30,000 trees | 10,710,000 fruits | 1,785,000 | N/A | ₦107,100,000 |

TOTAL SALES REVENUE

|  |  |  |  |
| --- | --- | --- | --- |
| 3RD YEAR | FOURTH YEAR | FIFTH YEAR | SIXTH YEAR |
| NUTS | JUICE | NUTS | JUICE | NUTS | JUICE | NUTS | JUICE |
| ₦212,058,000 | ₦107,100,000 | ₦212,058,000 | ₦107,100,000 | ₦212,058,000 | ₦107,100,000 | ₦212,058,000 | ₦107,100,000 |
| EXPECTED PROFIT YEARLY |
|  | 1 | 2 | 3 | 4 | 5 | 6 |  |
| Sales Revenue | N/A | N/A | ₦319,158,000  | ₦319,158,000 | ₦319,158,000 | ₦319,158,000 |  |
| Total expenditure | ₦179,219,833.34K  | ₦43,179,166.66k | ₦222,399,000.00k  | ₦43,179,166.66k | ₦43,179,166.66k | ₦43,179,166.66k  |  |
| Yearly Profit | N/A | N/A | ₦96,759,000 | ₦275, 978,834.00K | ₦275, 978,834.00K | ₦275, 978,834.00K |  |

9.3 Funding

 Agricultural Credit

1. Agricultural Credit Guarantee Scheme Fund (ACGSF)

The ACGSF was established by Decree No. 20 of 1977, and started operations in April, 1978. Its original share capital and paid-up capital were N100 million and N85.6 million, respectively. The Federal Government holds 60% and the Central Bank of Nigeria, 40% of the shares. The capital base of the Scheme was increased to N3 billion in March, 2001. The Fund guarantees credit facilities extended to farmers by banks up to 75% of the amount in default net of any security realized. The Fund is managed by the Central Bank of Nigeria, which handles the day-to-day operations of the Scheme. The Guidelines stipulate the eligible enterprises for which guarantees could be issued under the Scheme.

Between 1978 and 1989 when the government stipulated lending quotas for banks under the Scheme, there was consistent increase in the lending portfolios of banks to agriculture, but after the deregulation of the financial system, banks started shying away by reducing their loans to the sector due to the perceived risk.

1. Agricultural Credit Support Scheme (ACSS)

The ACSS is an initiative of the Federal Government and the Central Bank of Nigeria with the active support and participation of the Bankers Committee. The Scheme has a prescribed fund of N50.0billion. ACSS was introduced to enable farmers exploit the untapped potentials of Nigerias agricultural sector, reduce inflation, lower the cost of agricultural production (i. e. food items), generate surplus for export, increase Nigerias foreign earnings as well as diversify its revenue base. At national level, the scheme operates through a Central Implementation Committee (CIC) while at the Federal Capital Territory (FCT) and State levels, the Scheme operates through State Implementation Committees (SICs) instituted to ensure that the objectives of the scheme is realized without hindrance.

To access loans under ACSS, applicants (practicing farmers and agro-allied entrepreneurs with means) are encouraged to approach their banks for loan through the respective state chapters of farmers associations and State Implementation Committees. However, large scale farmers are allowed under the scheme to apply directly to the banks in accordance with the guidelines.

ACSS funds are disbursed to farmers and agro-allied entrepreneurs at a single-digit interest rate of 8.0 percent. At the commencement of the project support, banks will grant loans to qualified applicants at 14.0 per cent interest rate. Applicants who pay back their facilities on schedule are to enjoy a rebate of 6.0 per cent, thus reducing the effective rate of interest to be paid by farmers to 8.0 per cent.

The Implementation Guidelines will be determined administratively as soon as a decision is taken on the proposed fund.

1. Commercial Agriculture Credit Scheme (CACS)

As part of its developmental role, the Central Bank of Nigeria (CBN) in collaboration with the Federal Ministry of Agriculture and Water Resources (FMA&WR) established the Commercial Agriculture Credit Scheme (CACS) in 2009 to provide finance for the countrys agricultural value chain (production, processing, storage and marketing). Increased production arising from the intervention would moderate inflationary pressures and assist the Bank to achieve its goal of price stability in the country. The primary objectives of the Scheme are to:

1. Fast-track the development of the agricultural sector of the Nigerian economy by providing credit facilities to large-scale commercial farmers at a single digit interest rate;

2. Enhance national food security by increasing food supply and effecting lower agricultural produce and products prices, thereby promoting low food inflation;

10. Conclusion

 Cashewnut cultivation is a technically feasible, financially viable and bankable activity in the areas identified suitable for it based on agro-climatic conditions.