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MATRIC NUMBER: 18/LAW01/202

QUESTION- Prepare a business plan on a chosen agricultural enterprise following the guideline in the note.

Introduction.

What is an agricultural project? An agricultural project is the smallest unit of an investment activity in crop production, livestock production, aquaculture and processing of agricultural commodities. It can be defined as an identifiable business proposal for committing scarce resources to create economic opportunities and wealth sources capable of generating future income streams.

Definition of a feasibility study- this is an analysis of the viability of a business idea. It is an investigation of a project to validate the viability of the project by examining it through the technical, economic, commercial, financial and environmental impact lens. It focuses on the rationality or otherwise of the investment required to execute the project.

**A BUSINESS PLAN/ FEASIBILITY REPORT FOR THE DEVELOPMENT OF A 300 HECTARES TOMATO CULTIVATION AND ESTABLISHMENT OF 1O TONNES PER DAY CAPACITY CANNED TOMATOES INDUSTRY AT KAURA FARM, GOMBE STATE, NIGERIA BY ANAVRIN PRODUCTION LIMITED AND CORPORATION CONFIDENTIALITY AGREEMENT.**

The under signed reader acknowledges that the information provided in this business plan is a confidential intellectual property; therefore, the reader agrees not to disclose it to a third party without the express written permission of the promoters of the proposed business.

It is also acknowledged by the reader that information furnished in this business plan is in all respect confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by the reader may cause serious harm or damage to the promoters of the proposed business.

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

**Executive Summary/ Project Description.**

This business plan examines the feasibility of and indeed economic viability of the development of a 300 hectares tomato cultivation in Gombe by Kaura farms and Kaura farmers cooperative society limited. The farm will produce about 1000tonnes of canned tomato in a production cycle. The tomato extraction plant will process about 3000tonnes of tomatoes into tomato paste and roughly squashed tomatoes all for cooking purposes. There is a high domestic demand of the product because of the huge population and production constraints leading to shortage of the commodity. Production of tomatoes is popular in the northern part of Nigeria in states like Kano, Jigawa and Bauchi to mention a few.

The proposed project will certainly create economic opportunities and impact positively on the people. The entire production of the tomatoes will be done locally through direct production, contract farming in Gombe State and direct purchase from smallholder farmers in other production areas. The project will create market access, improve income of farmers and contribute significantly to food security. It will also generate satisfactory returns for sponsors and investors.

**SPONSORSHIP.**

The project is sponsored by Ibrahim Dada, a renowned farmer and the executive director of Kaura farms. Ibrahim Dada is interested in creating jobs and empowering individuals in the communities of Gombe state. The farm has experts in agriculture with many years of experience in the project being proposed. Anavrin production limited will be responsible for the management of the projects.

**MANAGEMENT.**

The management will comprise of a democratically elected Board of Directors at the apex of the organization structure. This will be made up of shareholders and members of the cooperative who have a stake in the survival, growth and profitability of the business as well as distinguished agribusiness professionals of proven integrity and vast experience in the project area. The prime objective of the board will be to give strategic directions and policies that will ensure long term success of the organization. The board will ensure that the organization complies with all standards set by regulatory authorities.

**MARKET AND SALES**

Market orientation- domestic; North West & North East, Nigeria

Market Share; 5% niche market in North West, North East Nigeria.

Users of products: tomatoes for human consumption.

**COMPETITION ANALYSIS**

Based on some research and analysis, it has been deduced that competition in terms of production of tomatoes in the North Eastern part of Nigeria is quite non-existent compared to the demand for produce.

**Tariff and Import Restriction**.

Forex restriction on food importation and zero duty on imported agricultural equipment will favor the project under consideration.

**Market Potential**

There is a strong demand for tomatoes in the northern part and even the whole country at large as it is a food item used on a daily basis. Although the state of infrastructure though not perfect still supports production and trade within Nigeria.

**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. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit. Irrigation option will be factored in to ensure two cycle of production in a year.

**Technical feasibility**.

The project of tomato and canned tomatoes are technically feasible. In terms of of technology, which involves the sorting out of good & bad tomatoes, squashing and grinding of the tomatoes into liquid form, the industrial processes are simple and a specialist in tomato farming with years of experience is part of our team. The needed equipment are readily available and our experts have hand on experience in the usage and maintenance of the equipment.

On the production of tomatoes, we have specialists in mechanization, irrigation, farm management, crop production, weed science, market development, agric extension and accounting as part of our management team. We also have specialists in quality control as part of our team. Raw materials would be produced and sourced locally as the location of our farm is efficient for production, processing and marketing.

**Government Support and Regulation.**

The project conform with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. it creates economic opportunities, market access, improved income for farmers and support food security objective of government. The project will benefit from government intervention fund in the agriculture sector. The project will benefit from the favorable policy of zero duty or agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute immensely to employment, output increase, stable price and stable exchange rate.

**Project Timeline.**

The project will be completed within 6 months preferably between November, 2010 to April, 2011 because land clearing is mostly done in the dry season and tomato cultivation normally favors local varieties, since the evenings will somehow be cooler because the lower mist from the air will be humid.

ESTIMATED REVENUE COSTS AND REVENUE.

Fixed Cost.

(A) **Land Clearing**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **QTY** | **₦** | **K** |
| Land Clearing | 1Hectare | 230,000 | 00 |
| Cross cutting | 1Hectare | 20,000 | 00 |
| Rome ploughing | 1Hectare | 50,000 | 00 |
| **Sub total** |  | **300,000** | **00** |
| **Total** | 300 Hectare | **120,000,000** | **00** |

**(B) Equipment**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **QTY** | **USD** | **₦** | **K** |
| Bed Shapers | 1 | 24,450 | 8,802,000 | 00 |
| Sprayers | 1 | 3,520 | 1,267,200 | 00 |
| Transplanters | 1 | 3,250 | 1,170,000 | 00 |
| Fertilizer applicators | 1 | 4,950 | 1,782,000 | 00 |
| BIGFOOT Balers | 1 | 9,450 | 3,402,000 | 00 |
| Combo Units | 1 | 103,500 | 37,260,000 | 00 |
| Plastic Mulch Retriever | 1 | 6,950 | 2,502,000 | 00 |
| Drip tape layer with Auto Brake | 1 | 6,570 | 2,365,200 | 00 |
| **Sub total** |  | **159,390** | **57,380,400** | **00** |

**(C) Vehicle**

**Type                            Model                             QTY                  ₦                 K**

|  |  |  |  |
| --- | --- | --- | --- |
| **Pick up Truck** | **HILUX** | **2** | **30,000,000    :     00** |

(D) **Irrigation**

**Type               QTY         Model                USD                        ₦                 K**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sprinkler systems** | **1** | **140 – 440MT** | **28,186** | **1,0146,960     :      00** |

**Operating Cost**

|  |  |  |
| --- | --- | --- |
| **Working Capital** |  |  |
|  | **₦** | **K** |
| Ploughing/Ha | 15,000 | 00 |
| Harrowing/Ha | 10,000 | 00 |
| Sub total | 25,000 | 00 |
| **For 300 Ha** | **10,000,000** | **00** |
| Mechanization and storage | 105,000 | 00 |
| **For 300Ha** | **42,000,000** | **00** |
| Input / Ha | 91,825 | 00 |
| **For 300Ha** | **36,730,000** | **00** |
| Area yield insurance | 13,500 | 00 |
| Produce aggregation | 5,500 | 00 |
| Geo Spatial Service | 4,500 | 00 |
| Sub total | 23,500 | 00 |
| **For 300Ha** | **9,400,000** | **00** |
| Interest per hectare | 22,079 | 25 |
| **For 300Ha** | **8,831,700** | **00** |
| Total cost per hectare | 245,325 | 00 |
| **Total cost for 300Ha** | **98,130,000** | **00** |
| Loan principal and interest (cost per Hectare) | 267,404 | 25 |
| **Total for 300Ha** | **106,961,700** | **00** |
| **Irrigation cost for 300Ha (excluding fixed cost)** | **24,018,120** | **00** |

**Amortization**

**₦                   K**

|  |  |
| --- | --- |
| **Land clearing amortization (per hectare)** | **30,000             :   00** |
| **Land clearing amortization (300hectare)** | **12,000,000           :   00** |

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**REVENUE**

|  |  |
| --- | --- |
| **Yield per hectare 3tonnes@ ₦145000 per tonne** |  |
|  | **₦                         K** |
| **Revenue per hectare** | **435,000          :         00** |
| **For 300Ha** | **174,000,000         :        00** |
| **Net revenue for 300Ha(without amortization)** | **67,038,300         :        00** |
| **Net revenue with amortization(300ha clearing)** | **55,038,300         :       00** |
| **2nd Production Cycle** |  |
| **Net revenue** | **43,020,180         :         00** |
| **Net revenue with amortization(300ha land)** |  |
| **Annual Net Revenue ( 1st + 2nd Cycle)** | **98,058,480        :       00** |