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COLLEGE: LAW

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QUESTIONS

* 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.

A FEASIBILITY REPORT

A FEASIBILITY REPORT OR BUSINESS PLAN FOR DEVELPOING A SIX HUNDRED HECTRE RICE PLANTATION AND ESTABLISHMENT OF A 50 TONNES PER DAY RICE MILL AT EZIUDO, MBAISE, IMO STATE. BY SCOA AGRIBUSINESS AND CONSULTANCY LTD.

The reader undersigned agrees that the information in this business plan, is intellectual property, and therefore agrees not to reveal its information to third parties, without the permission of the proposed businesses’ promoters.

The reader also acknowledges that information found in this business plan is confidential in nature, other than information which is in public domain through various other means, and that any form of disclosure by the reader or use of by the same 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 idea.

Signature:

Name:

Date:

CONTENTS OF THIS FEASIBILITY REPORT

1. Brief description of the project
2. Sponsorship, Management, and Technical Assistance
3. Technical Feasibility, Resources, and Environment
4. Government Support, and Regulation
5. Estimated Project Cost and Revenue
6. Funding Mechanism
7. Conclusion

Brief description of the project

This business plan looks into the feasibility, and the economic viability of a six hundred hectare rice farm, and the establishment of a rice mill in Eziudo, Mbaise, by the Mbaise farmers’ cooperative society. The farm is intended to produce 2,200 tons of rice, the mill will process about 3,200 tons of rice to make it edible, and the husk left after the milling process, will be used for the production of animal feed for the livestock industry. Demand is high for rice in Nigeria, especially during the festive seasons, and the closure of the borders to prevent importation of foreign rice. Production popular in the Eastern and Northern part of Nigeria.

This proposed project will help to create jobs for the people in the community, especially the youths, and help the nation to conserve foreign exchange. Production will be done through direct farming, contract farming, and purchase from other farmers. The project will be carried out in the state of Imo, and labour is envisioned to be sourced from that area, especially within the Eziudo community. The project is going to give youth access to income, farmers will benefit from the project by increased income, and will improve food security in the state, and nation at large. It is also envisaged to yield substantial income for investors.

Sponsorship

Sponsorship for this project, will be carried out by the farmers of Mbaise, through the Mbaise farmers’ cooperative society, an association of farmers from Mbaise who have come together, to cooperate in order to improve yields, income, and standard of living for the farmers from Mbaise. This project will be carried out through, the cooperative society. Which has extensive experience in the field of agriculture. Consultancy of the project will be carried out by SCOA Agribusiness and Consultancy ltd.

Management

Management will be democratically elected, and will be made up of a Board of Directors. This Board of Directors, will comprise of Shareholders, members of the cooperative who have a stake in the business, and well-seasoned and respected professionals in the Agricultural sector with years of experience under their belt. The objective of this board will be to create policies, and strategies for the success and well-being of the firm. They will ensure that the firm complies with all directives set by the government, and global best practices standards. The Managing Director will be in charge of the day to day running of this firm, and will have to report to the Board of Directors, he will mobilize the resources of the firm in order to achieve the goals of the firm.

Technical Assistance

The firm has linkages, and working relationships with various establishments, and firms to achieve its goals.

A working relationship exists between IITA (International Institute of Agriculture in Ibadan) by means of an MOU. The IITA has experience in the field of rice farming, and will provide technical assistance to the firm.

Funds from the mill will be sourced from the BOI (Bank of Industry) at an interest rate of 7%. Funding will also be sought from the BOA (Bank of Agriculture), for the purchase of various technical equipment which will be required for the production, equipment such as tractors, harvesters etc. will be sourced from the funds of the BOA.

The firm also has a working relationship with the Imo state government ministry of Agriculture, who will provide the necessary funds required for the purchase of land, and housing for the staff on the farm, especially those residing in other areas.

Market and Sales

Market Orientation: domestic; South East and South West Nigeria

Market Share: 7% niche market in the South East and South West of Nigeria

Users of product: Edible for humans, and the husk of the rice can be used for feeding of livestock

Contribution analysis

Ebonyi state produced 48% of national output between 1998 and 2018, Kaduna followed at 28%, Akwa ibom, Taraba and Kano made a total of 7%. The following states made a total of 83% of Nigeria’s total rice production in that period.

Tariff and Importation Restriction

The restriction of forex on food importation, and a policy of zero duty on the importation of agricultural equipment will favour this proposed project.

Market Potential

There is a strong demand for rice all around the federation, especially with the recent ban of imported rice in Nigeria. The infrastructure of the state can support the cultivation and distribution of rice in Nigeria, though it is not perfect.

Profitability

Factors such as weather, chemical, physical and environmental factors like temperature, sunlight, water, air price fluctuations etc. might affect the yields, however technical, scientific, and financial aid can help fight against risk, and safeguard profits. Irrigation will also be used to ensure s constant production cycle.

Government Support and Regulation

The project is in line with the aims, and objectives of the government, for economic diversification. It helps with import reduction, and the conservation of foreign economic reserves. It creates market opportunities, market access, improved income for farmers, and support the food security aims of the government. The project will benefit from government intervention fund in the agricultural sector. It will also benefit from the policy of zero import duty for agricultural equipment. Restriction of forex for importation of food items, which will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and exchange rate.

Project Timeline

The project will be completed within 6 months most likely between November 2020, and April 2021, because clearing of land is mostly done during the dry season.

Estimated project cost and revenue

Land clearing:

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Quantity | Naira | Kobo |
| Land clearing | 1 hectare | 230,000 | 00 |
| Grass cutting | 1 hectare | 20,000 | 00 |
| Rome ploughing | 1 hectare | 50,000 | 00 |
| Sub total | 1 hectare | 300,000 | 00 |
| Total | 400 hectare | 120,000,000 | 00 |

Equipment:

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Quantity | Naira | Kobo |
| Tractor | 1 | 8,802,000 | 00 |
| Disc harrow | 1 | 1,267,200 | 00 |
| Sub soiler | 1 | 1,170,000 | 00 |
| Rice seeder | 1 | 1,782,000 | 00 |
| Tripper | 1 | 3.402,000 | 00 |
| Combine Harvester | 1 | 37,260,000 | 00 |
| Sub total |  | 53,683,200 | 00 |

Vehicle:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type | Model | Quantity | Naira | Kobo |
| Pick-up truck | Innoson | 2 | 30,000,000 | 00 |

Revenue:

|  |  |  |
| --- | --- | --- |
| Yield per hectare at 3 tons 14000 per ton | Naira | Kobo |
| Revenue per hectare | 435,000 | 00 |
| For 400Ha | 174,000,000 | 00 |
| Net revenue for 400Ha without amortization | 67,038,300 | 00 |
| Net revenue for 400Ha with amortization | 55,038,000 | 00 |
| 2nd production cycle |  | 00 |
| Net revenue | 43,020,180 | 00 |
| Net revenue with amortization on 400Ha land |  | 00 |
| Annual net revenue 1st+ 2nd cycle | 98,058,480 | 00 |

Funding Mechanism

The Mbaise farmers’ cooperative society, will provide the farmland to be used for the proposed project. The Mbaise farmers’ cooperative society will also lease a 8000MT capacity silo as equity contribution. An equity investor will provide equity for vehicle, and equipment purchase. Also where possible, an equity investor will provide equity for working capital, or secure a loan at 7% rate through the government, Bank of Industry, Bank of Agriculture, or other commercial banks.

Conclusion

The project is technically feasible and economically viable, and is therefore recommended for funding.