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MATRIC NUMBER: 18/ENG05/002

DEPARTMENT: MECHATRONICS ENGINEERING

AFE 202 ASSIGNMENT

**BUSINESS PLAN FOR CASSAVA PLANTATION OF 100
HECTARES AND 50 BAGS OF GARRI PER DAY CAPACITY
AT RUKUBA, PLATEAU STATE, NIGERIA BY FEMA
AGROBASED INDUSTRIES.**

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Executive summary of business plan

cassava is one of the most important crops in Nigeria and is a very viable investment area. This business plan examines the viability of setting up a cassava plantation in Rukuba area of Plateau state with production of 50 bags of garri daily. The cassava will be sold to local communities and exported to areas outside the state. There is a huge increase in the demand for cassava nationwide and marketing the cassava and garri in neighbouring states will be done with ease. This business will ensure employment opportunities for many indigenes of the state. The business will also promote a good market for cassava in the local market since demands of all customers will be met. With increased production, the exportation of the cassava and its by-product will be a great source of economic opportunities. This project will have a positive reflection on the standard of living of the people.

Sponsorship

This proposed cassava plantation is sponsored by **diamond access bank**. Diamond access bank is a very reliable bank and has been in the banking industry for many years now. They have invested in a lot of viable businesses over the years which has been contributing to their strength and resilience over the years. Diamond access bank is actively involved in the support of many young entrepreneurs nationwide. They are always looking forward to funding businesses that will contribute to the economic growth of the country. FEMA AGROBASED INDUSTRIES with the sponsorship of diamond access bank is charged with the responsibility of overseeing this business.

Management Scheme

The management of this business will comprise of elected members of the sponsor; diamond access which will be part of the board of directors; agro-business experts , trustworthy supervisors, marketing/ business analyst. This management body will be expected to effectively manage the business with the aim to improve the farm production, time delivery of goods, boost patronage and to ultimately ensure profit is made and customers are continually satisfied.

The management team is also expected to make critical decisions like effective fund management, advertisement method and packaging, development of a customer feedback platform, staff training and objectives, etc

Technical Assistance

The sponsorship by diamond access bank is of great impact in the successful implementation and running of this business. The bank is known for investing in proposed businesses of great young entrepreneurs and has gained the support of many companies in this same line. The bank has developed a very good relationship with many companies with a great potential of assisting this business. One of this company is the ASTC which stands for Agricultural Services and Training Centre.

ASTC is an agro-based company located in plateau and has been in the agribusiness for years. it is an agricultural company actively involved in food production, processing, packaging, and distribution. The company is also involved in the training of persons to become agricultural experts. ASTC is very active in the delivery of agricultural services like ploughing, harrowing and large harvest.

Market and Sales

The market is going to be aimed majorly toward the northern part of the country especially in plateau state and neighboring states. During business expansion, the sales and marketing of the cassava and its by product is going to be extended to all northern states. The management will also see towards the accessibility and affordability of the goods to the people. Goods will also be sold to large wholesalers at discounted amounts.

Market share: 5% niche market in all northern regions.

Competition Analyses.

Nigeria has increasingly been engaged in the production of and exportation of cassava. The sale of cassava locally has also been on the increasing with a never declining demand of the agricultural produce. A lot of states in the in the country are involved in the large production of cassava. Benue is the top region by production of cassava in Nigeria. As at 2005, the state accounted for 11.08% of Nigeria's production of cassava.

Plateau state, benue state, and kogi are nationally identified as producers of cassava with plateau state being the least producer among the three states. Plateau state although seen as a low producers of cassava in the has a high demand for the agricultural produces. The availability of very good agricultural land for cassava production makes it a very suitable location for the sitting of this business.

Market potential

The demand for the cassava is never decreasing as cassava is very important agricultural produce within and outside the country. Cassava is processed into foods that are consumed

locally by a large population of the economy. Cassava is processed into garri, cassava flour, cassava starch, cassava pasta, cassava bread, etc. With the wide range of by products from cassava, Nigerians are always demanding for the tubers and its by-products. In the north, cassava is used for production of garri and fufu. Cassava is also exported from the north to other regions of the country.

Profitability

The profitability of this business is assured with the reasonable cost of capital, and a cheap cost of transportation within and outside the state. Also the technical assistance from the ASTC (Agricultural Service and Training Centre) will go a long way in ensuring the business makes profit and also increase the assets of the business. The availability of large land in plateau state which are suitable for the production of cassava will ensure a very good harvest within the expected time.

Technical feasibility

The production of cassava and garri based on the technology and technical available in the region proposed for production is very feasible. The ASTC will be actively involved in the training of staff and provision of tractors and other machine tools and farming equipment which will be used on the farm for operations like harrowing, ploughing, irrigation, spraying of herbicides, etc. The transportation of the goods will be done majorly by land as transport vehicles will be provided by the sponsorship of the diamond access bank and effective distribution will be monitored by the marketing staff.

Government support and regulation

The business fully in the government objective of economic diversification and import reduction. It will also help to create job opportunities thereby improving the standard of living of citizens. It will also draw government attention to the expansion of cassava sale market and how revenue can be generated from it.

Project timeline

The project will be completed in 8 months , starting 12 October 2020 and will end 12 June 2021.

Estimated Project Costs and Revenue

Fixed Cost

(A) Land Clearing

Activity	QTY	₦	K
Land Clearing	1 Hectare	230,000	00
Cross 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

(B) Equipment

Name	QTY	MODEL	USD	₦	K
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Type	QTY	Model	USD	₪
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Hose Reel	1	140	–	1,0146,960 : 00
		440MT	28,186	

Operating Cost

Working Capital		
	₪	K
Ploughing/Ha	15,000	00

Harrowing/Ha	10,000	00
Sub total	25,000	00
For 400 Ha	10,000,000	00
Mechanization and storage	105,000	00
For 400Ha	42,000,000	00

Input / Ha	91,825	00
For 400Ha	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 400Ha	9,400,000	00
Interest per hectare	22,079	25
For 400Ha	8,831,700	00
Total cost per hectare	245,325	00
Total cost for 400Ha	98,130,000	00

Loan principal and interest (cost per Hectare)	267,404	25
Total for 400Ha	106,961,700	00
Irrigation cost for 400Ha (excluding fixed cost)	24,018,120	00

Amortization

~~₦~~

K

Land clearing amortization (per hectare)	00	30,000	:
Land clearing amortization (400hectare)	00	12,000,000	:

REVENUE

Yield per hectare 3tonnes@ ₦145000 per tonne	
	₦ K

Revenue per hectare	435,065 :
	00
For 400Ha	144,000,056 :
	00
Net revenue for 400Ha(without amortization)	67,038,645 :
	00
Net revenue with amortization(400ha clearing)	65,038,300 :
	00
2nd Production Cycle	
Net revenue	43,030,180
	: 00
Net revenue with amortization(400ha land)	
Annual Net Revenue (1st + 2nd Cycle)	98,058,345
	: 00

Funding mechanism

Diamond access bank will provide the capital for the kick of the business. The sponsor bank will also purchase a few cars for the transportation of the agricultural produce. The sponsor in collaboration with ASTC will provide tractors and machine tools.

Conclusion :

This project is technically feasible and commercially viable/
profitable. All analyses have shown great potentials in this
business. It is therefore recommended for funding.