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**BUSINESS PLAN FOR CATFISH FARMING**

**SUBMITTED BY**

**ALVIN AGRO VENTURES LTD**

**1.0 INTRODUCTION**

Catfish farming has proven to be a very lucrative business not only in Nigeria but in the world at large. Apart from pork and poultry, fishes especially catfish are one of the major sources of protein in Nigeria. As a business, they offer an opportunity for catfish farmers to earn steady income and also provide employment opportunities for countless number of men and women.

Fish farming as well as other agricultural enterprise is a significant part of the economy. Fish provides nutrients that are essential to physical growth especially in children and are important part of a healthy diet.

The demand for Fish in the country is currently estimated at about 2.66 million tons
annually, as against the local annual production of just 780,000 metric tons, giving a
demand-supply gap of about 1.8 million tons. It is very clear that the demand is far
higher than supply.

One of the major customers for catfish farms in Nigeria are the major fast-food companies like Mr. Biggs, Tantalizer, Sweet Sensation and UAC followed by hotels, restaurants and then household consumers of fish. The high demand for fresh table-sized catfish and other semi-processed catfish derivatives has led to an increase in catfish farms springing up in many parts of the country.

This Catfish farming project involves starting a small scale catfish farm in any big city of
Nigeria which will produce premium quality catfish to be sold in the local market,
competing with a few existing brands. The farm will be equipped with modern
equipment & technology in order to ensure the quality of the final products.

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**2.0 EXECUTIVE SUMMARY**

Fish is the cheapest source of animal protein and because of its low cholesterol level it is
medically recommended as a good food for both the young and elderly.
Fish farming in Nigeria is currently a very lucrative business and this is boosted by the
continuous rise in the demand for Catfish.

Alvin Agro Ventures Ltdis a start-up catfish Farm that will be involved in production of quality and affordable fresh table-sized catfish and other semi-processed catfish derivatives targeting consumers in South East Nigeria and will be located in Umuahia, Abia state.

Our major and core area of interest is to produce, market/distribute fish and its products that are of quality and are also affordable to all the classes of the society.

According to a careful financial analysis and computation, Alvin Agro Ventures Ltdfinancial projections shows that the farm will require Eight Million and Fifty Five Thousand Naira (N8,055,000.00) only, to set up a fish company that will impact the agricultural sector positively.

**3.0 SPONSPORSHIP, MANAGEMENT AND TECHNICAL ASSISTANCE**

Alvin Agro Ventures Ltdwill be established as a limited liability company owned by Alvin Okoro- Ijagha, Nwogo Okoro-Ijagha, and other investors. The farm will be managed and directed by Alvin Okoro- Ijagha , a veteran in the Agric industry with 10years experience and Nwogo Okoro-Ijagha, an experienced Agro-allied specialist with over 18years experience.

A practicing consultant will be engaged for professional advice on modern and developing methods of fish farming. This will ensure that we constantly remain in the confines of current practices and standards.

**4.0 MARKET AND SALES**

Fish constitutes about 41% of the total animal protein intake by the average Nigerian
hence there is great demand for fish in the country. Nigeria requires about 2.66 million
metric tons of fish annually to satisfy the dietary requirement of its citizens (150
Million). Regrettably, the total aggregate domestic fish supply from all sources (capture
and culture fisheries) is less than 0.7 million metric tons per annum. Nigeria has to
import about 0.7 million metric tons of fish valued at about $500 million annually to
augment the shortfall. This massive importation of frozen fish in the country has ranked
Nigeria the largest importer of frozen fish in Africa The huge sum of money spent by
Nigeria annually in fish importation could be used to invest in fish farming. Nigeria can
substitute fish importation with domestic production to create jobs, reduce poverty in
rural areas where 70% of the population lives and ease the balance of payments.

Generally, there is a very good market for catfishes and the demand is very high all year round. The demand is highest from football viewing centers, restaurants and market women who buy in bulk and sell in retail either as live catfishes or smoked catfish. Individuals also demand for catfishes too for personal consumption.

There is therefore no glut in fish marketing. A situation where the farmer wants to produce in his farm and sell the produce on his farm, may not work because production is increased in some area while it is still at infancy in other areas. So the farmer with fish ready for sale should move out his comfort zone if he wants to sell at a premium. That is exactly what we intend to do. We will establish contacts in other states where we can move our products and get higher prices.

**4.1 TARGET MARKET**

 Local market
 Supermarkets & stores
 Export market
 Eateries
 Restaurants
 Bars & Relaxation spots
 Hotels & club houses

**4.2 COMPETITION**

Competitors for Alvin Agro Ventures Ltdincludes Bourdex Farms, BYC Farms and Ogbunamiri Agro Enterprises. Alvin Agro Ventures Ltdwill establish its competitive edge through the expertise of its founders.

**5.0 TECHNICAL FEASIBILITY, RESOURCES, AND ENVIRONMENT**

Catfish farming does not require a very high level of operation and maintenance. However, the success of catfishes’ growth depends on the cleanliness of their water tanks and the quality of their feeds. To keep their tanks clean, there is need to have a good drainage system that flushes out their dirty water and replaces it with clean water. This water disposal system is will be factored into the construction of their tanks.

Their feeds need to be of the highest quality. You can either opt for already packaged feeds or you can choose to manufacture or produce your own feeds. Packaged fish feeds like Coppens, Durante etc. are more expensive compared to producing your own feed.

To produce your own feed, you need a very good fish feed formula to guide you in sourcing ingredients and determining the ration of how these ingredients will be combined. Most catfish farmers guard their feed formula jealously and won’t reveal it to just anyone. Catfishes don’t need a veterinary doctor to check up on them regularly. But if you don’t maintain them well, you can have a disease outbreak. You’ll also need a farm labor to help you with [operations and management](https://agricdemy.com/post/catfish-farming-management) if you won’t be available to run the catfish farm full-time.

**6.0 GOVERNMENT SUPPORT AND REGULATION**

There are thousands of Nigerians who want to [startup catfish farming](http://www.profitablefishfarming.com/starting-up-a-catfish-farming-business-7-important-factors-to-note/) but cannot do so due to shortage or lack of capital. As a matter of fact, people with genuine interest in the business are frustrated because of high rate of inflation that reduces the value of their capital season in season out.

Bank loans are not easily accessible for this type of business and therefore many young Nigerians who want to be engaged in catfish farming may not be able to secure commercial bank loan due to stringent conditions attached to them. The issue of collateral security, most especially certificate of occupancy, attached to securing commercial bank loan has not helped the situation.

Over the past years, governments at various levels have tried to remove every obstacle in the area of securing finance for agricultural purposes. More so, societies and individuals have come up with strategies and approaches aimed at ensuring capitals are available for those that will use it for intended purposes.

## The Nigerian Ministry of Agriculture recently announced that it is supporting fishermen and fish farmers across the country through its Growth Enhancement Support (GES) scheme. The Ministry said that it has provided the fish farmers with free catfish juvenile, feeds, nets, ropes, floats, boats and sinkers.

The main focus of the Ministry through the GES scheme is to provide assistance to fish farmers in order to enhance their productivity and create wealth across the agricultural value chain.

The GES scheme is a flagship program of the federal government, through which farm inputs are distributed to the farmers at a subsidized rate. The scheme also includes access to farm machineries, loan facilities, insurance and extension services.

Nigeria has no specific legislation on aquaculture at national level, nor is this activity mentioned in the Sea Fisheries Decree and Regulations (respectively 1992 and 1971). However, the Inland Fisheries Decree (1992) makes a single provision empowering the Minister in charge of fisheries matters to determine whether the set up of enclosures, such as pens and cages, should be subject to a licence fee.

The authority competent for the management of fisheries and for the preparation of policies and programmes for the development of fisheries is the Federal Department of Fisheries (FDF) of the Federal Ministry of Agriculture and Natural Resources, which provides technical support to State Departments of Fisheries (SDF). Likewise, the latter provide support to Local Government Authorities (LGA) on fisheries matters.

According to the Land Use Act (1978, as amended), State Governors have the power “to grant statutory rights of occupancy to any person for all purposes”, and Local Government shall “grant customary rights of occupancy to any person or organization for the use of land in the Local Government Area for agricultural, residential and other purposes”. The law does not specifically mention aquaculture purposes.

The Environmental Impact Assessment Decree (1992) however, provides that, in general, any project or activity which might significantly affect the environment is subject to an environmental impact assessment. Applications are to be filed with the Federal Environmental Protection Agency.

**7.0 TIMELINES OF PROJECT**

30 days for land acquisition, clearing and survey

60 days for construction of building and concrete tanks

30 days for fixtures, engagement of staff and procurement of fingerlings

**8.0 ESTIMATED PROJECT COST AND REVENUE**

# 8.1 COST OF LAND AND FISH FARM INFRASTRUCTURE DEVELOPMENT

|  |  |
| --- | --- |
| **ACTIVITY**  | **AMOUNT(=N=)**  |
|  **Land and Development**  |  |
| Land acquisition  | 1,000,000  |
| Land Survey  |  250,000  |
| Concrete Pond construction  |  450,000  |
| Cost of farm building  | 2,000,000  |
| Fencing of the farm  |  200,000  |
| Fish shade Structure |  100,000 |
| **TOTAL**  | **4,000,000** |
| **Auxillary Equipment** |  |
| Generator and Electrical power appliances  |  150,000  |
| Water pump  |  50,000 |
| Digging of Borehole  |  250,000  |
| Cost of water tanks |  160,000  |
| **TOTAL**  |  **610,000** |
|  |  |
| **Fish production and hatchery materials** |  |
| Bowl & Plastic  |  4,000 |
| Weighing balance |  5,000 |
| Dragnet & Mosquito net |  10,000 |
| pH meter 10,000 |  10,000 |
| Hand gloves & towel |  4,000 |
| Other Farm Kit |  20,000 |
| **TOTAL**  |  **53,000** |
| **Salaries and wages of staff**  |  |
| Farm supervisor  |  960,000  |
| Technical Consultant |  500,000 |
| Farm assistants (2) |  720,000  |
| Security  |  240,000  |
| **TOTAL**  | **2,420,000** |
| **Variable inputs**  |  |
| 15,000 fingerlings  |  300,000  |
| Feed (Five Months) |  300,000  |
| Transportation  |  60,000  |
| **TOTAL**  |  **660,000** |
| **A.Other Expenses**  |  |
| Fuel  |  120,000  |
| Pond Maintenance |  60,000  |
| Maintenance of equipment/ tools  |  60,000  |
| Stationery  |  72,000  |
| **TOTAL**  |  **312,000** |
| **GRAND TOTAL**  | **8,055,000** |

**8.2 REVENUE PROJECTIONS**

We are assuming a mortality rate of 5% based on the professionalism that will go into the operation. That means 750 fishes will be expected to die along the way.

The revenue projection will then be on the balance of 14,250 fishes to grow to a minimum of 1kg each, giving a total weight of 14,250kg.

The current market price for 1kg of fish is N800 so our sales for the first five months of operation will be:

14,250 X N800 = **N11,400,000.00**

With an invested capital of N8,055,000.00 and sales of N11,400,000.00 the gross profit margin will be N3,345,000.00 which is 41.52%. Catfish farming does not have a good cash flow as sales may not be every day or every week. A minimum of 4 months will be required to raise the fishes before they reach market size of 1kg each.

**9.0 FUNDING MECHANISM**

Alvin Agro Ventures Ltdseeks N7,930,000.00 in long-term financing to cover start-up costs, equipment, building expenses, and working capital.

Funding (N1,250,000.00) for the acquisition of land and survey will be provided primarily by equity from the partners and investors.

The business will reach positive cash flow in its 6th month of operation, allowing for expedited repayment of its loan obligations, as well as for dividends to be paid to the owners.  Revenue will top N22,800,000.00 and gross margin will reach about N14,745,000.00 in the second year of operation when production will be be twice in a year

**10.0 CONCLUSION**

Based on the above, catfish farming in Nigeria is a profitable business and from the analysis, it is a good project to fund. Our projections shows good return on investment and with such a high gross profit margin, the repayment of loan and interest charges will not be any problem whatsoever.

The demand for fish continues to be more than supply. The deficit was partly augmented by massive importation of fish of about 900,000 tons valued at over $800 million dollars. This is a big drawback on our scarce foreign exchange. Hence, the concerted effort to ensure self-sufficiency in fish production through aquaculture in Nigeria.