

GST 212 ASSIGNMENTS

Name: Duru Ronald Chidera

Matric no: 18/ sms01/011

Department: Economics

College: Social and Management Science

Question

Prepare a business plan on a chosen agricultural enterprise following the guidelines 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.

Maizube farms is one of the well known agricultural companies in Nigeria. The owner of this company is General Abdulsalami Abubakar, he is also known for his military and political career. He has a stake in the Nigerian agricultural sector, being the owner of Maizube Farms Limited, which is helping to cater for the food needs of many Nigerians today. 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. The owner has not relented in his efforts to build a virile nation that can stand the test of time in terms of economic empowerment. Just as he gives appreciable time to his peace resolution efforts across the continent. 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. The Maizube farm boasts of numerous products such as fresh milk and yoghurt(healthy natural yoghurt) , orange juice, mangoes and much more. This farm produces up to 750 crates of eggs per day and currently pet crates. Maizube farms Ltd is the second biggest and more efficient Nigerian agricultural company at our present time. Mazube Farms we not only have a working dairy with Holstein milk cows, the farm boasts of an orchard with various types of fruits like mangoes, oranges, grapefruits and bananas. There is a greenhouse unit were various types of vegetables are cultivated and a field crop unit where maize, rice and legumes are grown. They aim at providing for the citizens and making sure there is adequacy in food production to alleviate hunger and malnourishment in Nigeria. The proposed project will create economic opportunities, impact positively on the people and help conserve scarce foreign exchange.

Sponsorship

Maizube farms Ltd is sponsored by General Abdulsalami Abubakar. Maizube farms has a department of Agriculture and experts with so many years of experience in the project being proposed. Before anyone is solely employed in Maizube farms Ltd he/she must have had up to 20 years of experience as a expert in the study.

Management

The managing director of Maizube farms Ltd is Sabo Mohammed Ayawa; he is responsible for the co-ordination of the day to day management of the cooperative business. He is accountable to the Board of Directors; he will mobilize organization resources to achieve set goals. He will manage business risks and focus on wealth creation. The management is comprises of a democratically elected Board of Directors at the apex of the organization structure. This is made up of shareholders and member of the cooperative who have 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 complied with all standards set by regulatory authorities.

Technical Assistance

The farms has an impact in growing or local farmers through technical assistance or monetary grants. Technical assistance used in Maizube farms to ensure efficiency is expanding irrigation access that will require not only rehabilitating and modernizing public irrigation and drainage systems, but also reforming the institutions that oversee them. Technical assistance also includes help with permits and regulations, which may be required in order for you to grow and market crops. It's also helps worker to eradicate pest in the farm. The owner has a relationship with the government of Niger State in his Agricultural produce and also supports farmers at local areas in Niger State. The Maizube farms also get assistance and favor from the Bank of Agriculture due to their relentless in the production of goods and services and there impact in Agricultural produce in Nigeria. The products of Maizube farms Ltd which includes; fresh milk and yoghurt, orange juice, mangoes has over 10 species, bananas, vegetables, fish and it has bee farming have various purchase and sales contract agreements due to there expansion and effectiveness in production.

Market and Sales

Maizube Farm produces; Milk, 1L (Bottle, Maizube Farm Yoghurt, (Vanilla) 130ml (Plastic Cup). Maizube Yoghurt (1 Litre) today is gotten for an affordable price ever in Abuja Nigeria. The users of is yoghurt widen across the country and it's mostly in Abuja.(Maizube frozen yoghurt is

cautiously made to encompass high levels of helpful live and active cultures. These cultures are probiotic and regarded as helpful to be existent in the intestinal tract of the human body to facilitate proper required for digestion and good health). The company deals with bee farming and also trades with Afro Bee limited (MPCS)

Competition Analysis

Some of the competitions of the Maizube farms are Obasanjo farms, Sebore farms and Anandaruya farms. They all produce most of what Maizube farms produce which are fish breeding, livestock rearing, also cock breeding etc. This leads to a reduction in the value of gotten because of the choice people have and they might also pick those available to them at the moment for instance Maizube farms is located in Niger, this means that people in Niger would consume Maizube produce mostly because it's known well there and much more closer to them than the rest.

Tariff and import restrictions

The would outrightly favor the agricultural production with certain considerations

Market Potential

There is a great value of Maizube farms in Nigeria because it's already steady in the market, Even with its competitions the would outrightly still make profits. The state of infrastructure though not perfect still supports production and trade within Nigeria.

Profitability

Profits are made in Maizube farms due to the recognition already made by the owner as a success military general in Nigeria. Weather, biological, chemical, physical and environmental factors such as temperature, sunlight, water, air, soil conditions, varieties of seed, pests, diseases, price fluctuations. However, technical, scientific and financial based solutions will be employed to hedge against risks and safeguard profit.

Technical feasibility

On the Maizube yoghurt production , they 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 management team. They employ specialist with more than 20 years experience in the project. The needed equipment for the production of their various products are readily available and their experts have hand on experience in the usage and maintenance of the equipment. They are implementing their project using best international practices, sustainable production and due consideration for the environment. The company would find a place suitable for the location of the farm/firm for efficient production, processing and marketing. Raw materials will be produced and sourced locally. Maizube farms will target a market niche and penetrate through cooperative societies to make their brand more popular. Organic fertilizer will be substituted for chemical fertilizer within three years of farm operations.

Government support and Regulation

The government would help in the supports of foreign exchange and import reduction . 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 also benefit from the favourable policy of zero duty for agricultural and equipment import. Restriction of forex for all food products will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate. The would should give special grants to ensure effective output.

Estimated costs and revenue

Fixed cost

A) Land Clearing

Activity	QTY	₺	K	
Land Clearing	5Hectare	520,000		00
Cross cutting	5Hectare	200,000		00
Rome ploughing	5Hectare	250,000		00
Sub total	5Hectare	900,000		00
Total	1000 Hectare	600,000,000		00

(B) Equipment

Name	QTY	MODEL	USD	₺	K
Tractor	4	YTO-904(90hp)	24,450	8,802,000	00

Disc harrow	4	IBJ- 3.0	3,520	1,267,200	00
Sub soiler	4	IS-200G	3,250	1,170,000	00
Soy seeder	4	2BFY-6C	4,950	1,782,000	00
Tripper4	7CX-8T	9,450	3,402,000	00	
Combine Harvester	4	4YZ-6	103,500	37,260,000	00
Boom sprayer	5	3W-1000L-18	6,950	2,502,000	00
Front loader	4	TZ10D	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
Hose Reel	1	140 – 440MT	28,186	1,0146,960	: 00

Operating Cost

Working Capital

	₺	K
Ploughing/Ha	150,000	00
Harrowing/Ha	100,000	00
Sub total	250,000	00
For 400 Ha	10,000,000	00
Mechanization and storage	200,000	00
For 400Ha	70,000,000	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)	30,000	:	00	
Land clearing amortization (400hectare)	12,000,000	:	00	

REVENUE

Yield per hectare 3tonnes@ ₦145000 per tonne

	₦		K	
Revenue per hectare	435,000	:	00	
For 400Ha	174,000,000	:	00	
Net revenue for 400Ha(without amortization)	67,038,300	:	00	
Net revenue with amortization(400ha clearing)	55,038,300	:	00	

2nd Production Cycle

Net revenue 43,020,180 : 00

Net revenue with amortization(400ha land)

Annual Net Revenue (1st + 2nd Cycle) 98,058,480 : 00

Funding Mechanism

The owner will provide 400Ha of cleared farmland around the project location and lease it to members of the cooperative.

The owner will also lease 6,000MT capacity silo as equity contribution

Equity investor to provide equity for equipment and vehicles purchase.

Where possible equity investor to provide equity for working capital or otherwise secure loan at the rate of 9% through government intervention window at the Bank of Agriculture, Bank of Industry and Commercial banks.

Conclusion

The project is technically feasible and commercially viable. It is therefore recommended for funding.