



Project Proposal

of

Roy Joy Agro (PVT) LTD

*(All kind of vegetables, coconut, palm, palmera, paddy, corn,
fruits, herbs & all kind of agro produces)*

1. Background

1.1. Name of Farmer: Roy Joy Agro (Pvt) Ltd

PV No. : 00271484
Village : Atchuvely
Division : Kopay
District : Jaffna
D/s Division No. : J/285
House No. : 17, Rasa Veethy, Atchuvely 40150

1.2. Scale of Operation

Agro Farm : 50 Mango trees (1st Stage)
: 20 Orange trees (1st Stage)
: 50 Lemon & Lime (1st Stage)
: 50 Coconut (1st Stage)
: Corn & Tapioca (1st Stage)
: Onion, Potato, Sweet Potato (1st Stage)
: All kind of Vegetables & Herbs (1st Stage)

1.3. Land

Land 1 : Dry/Wet Land of 10 lachchams (100 perches)
Place of Land : Kaddurian Vayal, Atchuvely
Land 2 : Dry/Wet Land of 7 lachchams (70 perches)
Place of Land : Kudamathiyan Thidal, Atchuvely

1.4. Road Access

Land 1: Farm road passes along the farm. The Jaffna – Point Pedro Highway is at a distance of about 50 meters.

Land 2: Farm road passes along the farm. The Atchuvely – Vallai Junction at Point Pedro Highway is at a distance of about 20 meters.

1.5. Water

Land 1: Can put up a tube well on the premises. The land has good drinking water supply underground.

Land 2: Has its own 15 foot water well on the premises and the land has good drinking water supply underground.

So, there is water in both the lands. There will be no shortage of Water supply at any times of the year.

2. Project description

2.1 Background and justification

Sri Lanka has a diverse natural resource base on which the country heavily relies upon to reduce rural poverty and ensure food security. Agriculture, including fisheries, is a major contributor to economic growth, the only source that provides adequate food to prevent hunger and starvation, and has continued to play a pivotal role in the Sri Lankan economy, providing employment to 28.5 percent of the labor force as of 2014. The shares of the agriculture sector are around 9.9% of the GDP and 25% of export earnings in the year 2014. About 32.8% of the rural population of the country are employed in agriculture for their livelihood, although around 70 percent of the country's population live in the rural areas and are indirectly affected by the sector. Sri Lankan agriculture largely comprises a food crop sector and a plantation (tea, rubber and coconut) sector. The food crops sector is largely made up of small scale farmers growing rice, vegetables, fruits and field crops. Agricultural productivity of the food crop sector had been stagnated over the last two decades. Farming in Sri Lanka is dominated by scattered small holdings, i.e. average size of a holding is below 1.0 hectare resulting problems of diseconomies of scale and difficulty of mechanization in the face of increasing wages. Further, low profitability coupled with high cost of production (mainly due to high wage rate associated with scarcity of labor during cropping season and migrating of labor to industry and service sectors), low productivity coupled with low level of using modern technology in proper way due to lack of capital as well as not owning machinery which is not economical due to small farm size, and marketing problems also are major constraints. Another serious disadvantage faced by the farmers in the country is the heavy dependence on rain-fed agriculture (only 39% of the arable land is under irrigation).

2.2 Contribution to the national development plan or the strategy of the recipient country's public administration

With rapid expansion of irrigation, substantial subsidy on fertilizer, government market support in rice, stipulations of Agrarian Services Act that favor rice cultivation, there is a policy bias towards rice cultivation. The development/importation of technology also has favored rice cultivation as labor use has been rapidly substituted by chemical cum machinery technology. Sri Lanka has produced around 15% more than the domestic requirement during last three years creating an excess in the domestic market. There is substantial tariff protection for Other Food Crops such as onions, potato, chillies, green gram, and ground nut during their harvesting season. Commercial plantations of fruit crops are not abundant, and the marketing systems for fruits and vegetables are price inefficient and ineffective leading to substantial post-harvest losses, low income for farmers and other market players, low domestic consumer satisfaction, and inadequate

export growth. The low agricultural productivity was associated with a number of underlying factors including low levels of technology adoption and modern management practices; lack of diversification into higher value marketable agricultural products; the existence of policies which have not been conducive to agricultural growth and investment; and infrastructure limitations which inhibit access to rural areas and market linkages. The Government has taken some positive steps recently to improve the food crop sector other than rice and promote exports. In this context government has identified 14 crops in its National Food Production drive to increase the productivity and production to self-sufficiency level.

Expected productivity enhancement of some crops under National Food Production Program, 2016- 2018 is shown below,

Target productivity enhancement(Mt/ha)				
Crop	2015	2016	2017	2018
Rice	4.1	4.5	4.7	5
Maize	4	4.25	4.5	5
Green Graam	1.1	1.1	1.1	1.2
Soya	1.5	1.5	2	2
B, onion	16	19	20	20
Red onion	12	14	15	16
Potato	16	17	18	20

Inefficiency and ineffectiveness of market linkages, particularly the information between the end user and the farmer, has retarded the growth of value addition in domestic food crops sector and the procedures proposed in the National Food Production Program needs to be further strengthened. Therefore, the proposed project will complement and supplement the National Food Production Program 2016 – 2018.

3. Overall objective(s)

The overall objective of the project is to promote the diversification of agriculture production based on comparative advantage; improvements in value addition and market exploration for revenue generation; and improvements of rural livelihoods through better integration of small holder farmers into modern agricultural value-chains in line with the government's new sector program and policies.

4. Objective of the project

To support small-holder farmers to produce competitive and marketable commodities, improve their ability to respond to market requirements, and move towards increased commercialization.

5. Expected outcomes.

The expected outcomes of this component would include:

(a) Increased capacity of smallholder producers to respond to business and market requirements;

- (b) Increased productivity in primary production of key marketable commodities, supporting and in line with the Government's National Food Program 2016-2018;
- (c) The production infrastructure upgraded to sustain introduced innovative technology packages; and
- (d) Improved capacity of government institutions to respond to the demands and needs of the agricultural sector.

6. Budget

6.1. Initial Investment Cost

The initial investment cost of the project is Rs. 6,000,000.00, which includes:

Structural Expenses	Rs. 658,170
Prepare Land with organic soil	Rs. 800,000
Cost of Land master	Rs. 913,000
Trailer	Rs. 125,000
Plough	Rs. 695,750
Irrigation System	Rs. 620,000
Grading - Plant & Trees	Rs. 462,000
Semi auto Compose Fertilizer	Rs. 800,000
Wages, EPF & ETF	Rs. 629,625
Equipment	Rs. 147,405
Welfare	Rs. 49,050
Establishment	Rs. 100,000

The Cost Break-up of Initial Investment Cost is:

Sl. No.	Particulars	Quantity	Approx. Rs/Unit	Total Amount (Rs)
I. Agriculture				
1	Cost of plants, Trees & Seeds			462,000.00
II. Structure				
1	Fencing & Stores			658,170.00
2	Land Preparing with Organic Soil			800,000.00
3	Irrigation System			620,000.00
	Sub-Total			2,078,170.00
III. Equipment				
1.	Land Master			913,000.00
2.	Trailer			125,000.00
3.	Plough	3		695,750.00
4.	Semi Auto Waste Compose Fertilizer	1		800,000.00

5.	Small Equipment			147,405.00
	Sub-Total			2,681,155.00
	Total Capital Cost			5,221.325.00
IV.	Establishment Cost			
1	Insurance (% of Plants & Produces)			
2	Wages, EPF & ETF			629,625.00
3	Welfare			49,050.00
4	Environment Department			100,000.00
	Sub-Total			778,675.00
	Total Project Cost			6,000,000.00

The profit and loss account/ annual income statement is worked out for 8 years till the loan amount is fully liquidated.

1. Sale of all kind of Vegetables & Herbs every 90 days of the year.
2. Average price of vegetable & herbs change every other day.
3. Sale of Organic fertilizer will be increase monthly.
4. Sales of Organic fertilizer is Rs. 270,000/= monthly.
5. Depreciation of Structures @ 10 % spread over a period of 20 years.
6. Depreciation of equipment @ 10 % spread over a period of 15 years.
7. The farm will plant 50 mango, 20 orang, 50 lemon & lime, 50 coconut trees.
8. Salary of Manager -not accounted. Two employee will be working for Agro sector will look after this project.
9. Mortality: not accounted

Cost Benefit Analysis

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Total Cost	1,954,608	1,866,264	1,751,881	1,701,060	1,623,447	1,548,720	1,476,590	1,406,798
Income								
1	Sale of Vegetables	740,000	740,000	740,000	740,000	800,000	820,000	900,000
2	Sale of Organic Ferti	1,020,000	1,220,000	1,270,000	1,340,000	1,400,000	1,550,000	1,620,000
Total Income		1,760,000	1,960,000	2,010,000	2,080,000	2,200,000	2,370,000	2,520,000
Profit/Loss (income-exp)		194,608	93,736	258,119	378,940	576,553	821,280	1,113,202

7. Loan Payment Schedule

It is proposed to pay Rs. 750,000.00, (Seven hundred and fifty thousand) only, per year.

Paying the loan interest at the rate of 6.5% per year. The loan amount including interest shall be liquidated in 8 years.

During the 8 years loan liquidation will be paid with interest charged at 6.5% per annum as follows.

	Capital	Interest	Total Repay
1 st Year	750,000	390,000	1,140,000
2 nd Year	750,000	341,250	1,091,250
3 rd Year	750,000	292,500	1,042,500
4 th Year	750,000	243,750	993,750
5 th Year	750,000	195,000	945,000
6 th Year	750,000	146,250	896,250
7 th Year	750,000	97,500	847,500
8 th Year	750,000	48,750	798,750
Total	6,000,000	1,755,000	7,755,000

8. Implementation schedule

a. Implementation arrangement

1. Under the management of Roy Joy Agro (PVT) LTD, the following project-relevant units and entities would be set up.

- **Technology Group.** A director of Roy Joy Agro (pvt) ltd will leading the technology group would be set up to guide overall component implementation, in particular: site-selection for project interventions, selection of technology innovations and turn-key solutions to be demonstrated, capacity building and farmer training, as well as selection of productive infrastructure investments.
- **Project Management Unit (PMU).** A Project Management Unit will be set up with a director of Roy Joy Agro (pvt) Ltd, headed by a project director, would be set up to work under the guidance of the technology group and be responsible for overall day-to-day coordination and management of the farm.
- Specifically, the PMU would be responsible for annual work and budget planning; coordination of provinces/ districts in public outreach and

community mobilization, procurement and contract management, fund withdrawal and financial management, including and financial reporting; technical and institutional implementation aspects, field supervision and acceptance checks; and training and capacity building.

- Specific PMU tasks would include: advertising, soliciting, reviewing and appraising proposals for technology demonstrations under sub-component and development training and capacity building programs from farmers. It would also be responsible for carrying out technical feasibility studies for selected productive infrastructure investments/ upgrading and for the implementation of the farm development or improvement etc.
- The PMU would also be responsible for reporting on project progress and implementation issues to the Bank, including the relevant project M&E indicators.

9. Sustainability

After the project implementation ends, the project can continue by itself, without external support, and the project purpose is sustainable in the long term. This presupposes that effective mechanisms are put in place by the recipient administration to disseminate and consolidate the results of the project.

Project Proposal Prepared By:

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ROY JOY AGRO (PVT) LTD

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