Project Proposal

of

Angel Poultry Farm (PVT) LTD

(Broiler, Layer, Quail, Duck, Turkey & all kind of Back yard Chicken/Birds)

1. Background

1.1. Name of Farmer: Angel Poultry Farm (Pvt) Ltd

PV No.	:	000000
Village	:	Atchuvely
Division	:	Kopay
District	:	Jaffna
D/s Division No.	:	J/285
House No.	:	17, Rasa Veethy, Atchuvely 40150

1.2. Scale of Operation

Poultry Farm	:	100 Layers (1st Stage)	200 2nd stage
	:	700 Broilers (1st Stage)	900 2nd stage
	:	30 Back Yard Chickens (1st Stage)	100 2nd stage
	:	15 Ducks (1st Stage)	50 2nd stage
	:	15 Turkeys (1st Stage)	50 2nd stage
	:	100 Quails (1st Stage)	400 2nd 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.

1.6. Market Perspective

Layers (Eggs)

Local market price of farm egg is Rs. 40/= each to the collecting companies

Local market price of Mother Bird (curry chicken) is Rs. 550/= per kg

Broilers

Local market price of Boiler Chicken is Rs. 550/= per kg to the collecting agents. A bird will weight of approximately 2.1 kg and above

Back Yard Chicken

Local market price of back yard chicken is Rs. 700/= per kg. Normally back yard chicken will weight approximately 1.850 kg maximum

Duck

Local market price Duck meat is Rs. 900/= per kg. Normally duck will weight approximately 3.9 kg maximum

Turkey

Local market price Turkey meat is from Rs. 1,400/= to Rs. 1,800/= per kg. Normally turkey will weight approximately over 6 kg

Quail

Local market price Quail meat is Rs. 500/= per bird. Quails will weight approximately 0.450 kg minimum. Quail Eggs sold locally Rs. 10/= to 15/= each

The project proposes mainly on 1st stage to sell eggs and birds (for meat) to the local collectors or the agents.

Nonetheless, the project proposes no alternative to, stock them and supply to the local market on later stage. It is imperative as the price of egg and meat paid is low and long term stability of the local egg and meat processor is not certain, then may consider to expand's to stock them and supply to the local market on later stage.

1.7. Funding

The project proposal is developed for seeking financial support from banks or any persons.

The project is an 8 year project. In 8 years the loan amount along with interest at 6.5% (Annual) shall be liquidated.

It is proposed to repay the loan on fixed straight line mode and pay Rs. 1,000,000.00 (One million) annually, until the loan is fully liquidated.

By nature dairy enterprise is front end capital intensive requiring high initial capital investment. The turnover period is long as it has long gestation period and the risk of disease outbreak is high.

This project is affirmed to be viable only with bank or personal lending support of credit at 6.5% or less annually, which otherwise not viable if it has to seek loan at commercial interest rates of 13% or over from Banks.

2. Objectives

2.1. Generate income from sale of eggs and meat products, and live animals to support family livelihood.

2.2. To have profitable alternative employment option for children and promote poultry farming among fellow farmers and rural youths.

2.3. To generate fertilizer and have sustainable supply of organic fertilizer for near Agro farms.

The farm will serve as a model poultry farm for farmers of Northern Province of Sri Lanka. It will create the scope of having an egg and meat Producers Group in the Area which is inevitable to market fresh products to the local market in entire Northern Province of Sri Lanka.

The plentiful manure produced shall improve the productivity of other crops and enable to practice organic farming.

Keeping in view the above considerations, poultry enterprise require high level of birds' husbandry and management skills.

3. PEST Analysis

The Political, Economic, Social and Technical (PEST) analysis affirms high demand of eggs & meet, availability of the technology available, there is strong policy support of the Government and it is socially acceptable just enterprise.

Parameters	**Implication for your organization/business**
Political	
National Policies	Improve Rural livelihood and well being Poverty Reduction Job Creation Import substitution of Dairy Products
Economic	
Demand	High
Supply	Low
Market Prices	Good
Market trend	Increasing.
Capital investment	Requires high initial capital investment cost.
Social	
Social stigma	Socially just as it does not involve slaughtering
Technological	
Technology	Available

Equipments	Available
Entrepreneurial skill	Adequate

Poultry enterprise is capital intensive. It is expensive to start and it takes long turn over time to generate income and pay back the loan for establishment.

Poultry enterprise deals with live birds vulnerable to disease outbreak and the risk of birds being succumbed to diseases is high. Because it requires land for fodder production, the scope of expansion is limited. Also the marketable products; the eggs and meats are highly perishable and have short shelf life.

However, with the strong government policy support, high level of entrepreneurial skills and commitment of the entrepreneurs shall take care of all the weakness and threats of this enterprise.

4. Technical Plan

Fencing of the land

Entrance to the land

Storage & Watcher Hut

Water & Electricity

Toilet & Staff Washing Area

4.1. Structure and Equipment

Structure for Chicks Hatchery unit

The structures will include:

1. Main shed (20 ft x 10 ft).
2. Heat Protection.
3. Egg Storage Cooler.
4. Hatchery box – Quail, Duck, Turkey, Back Yard Chicken, Broiler & Layers.

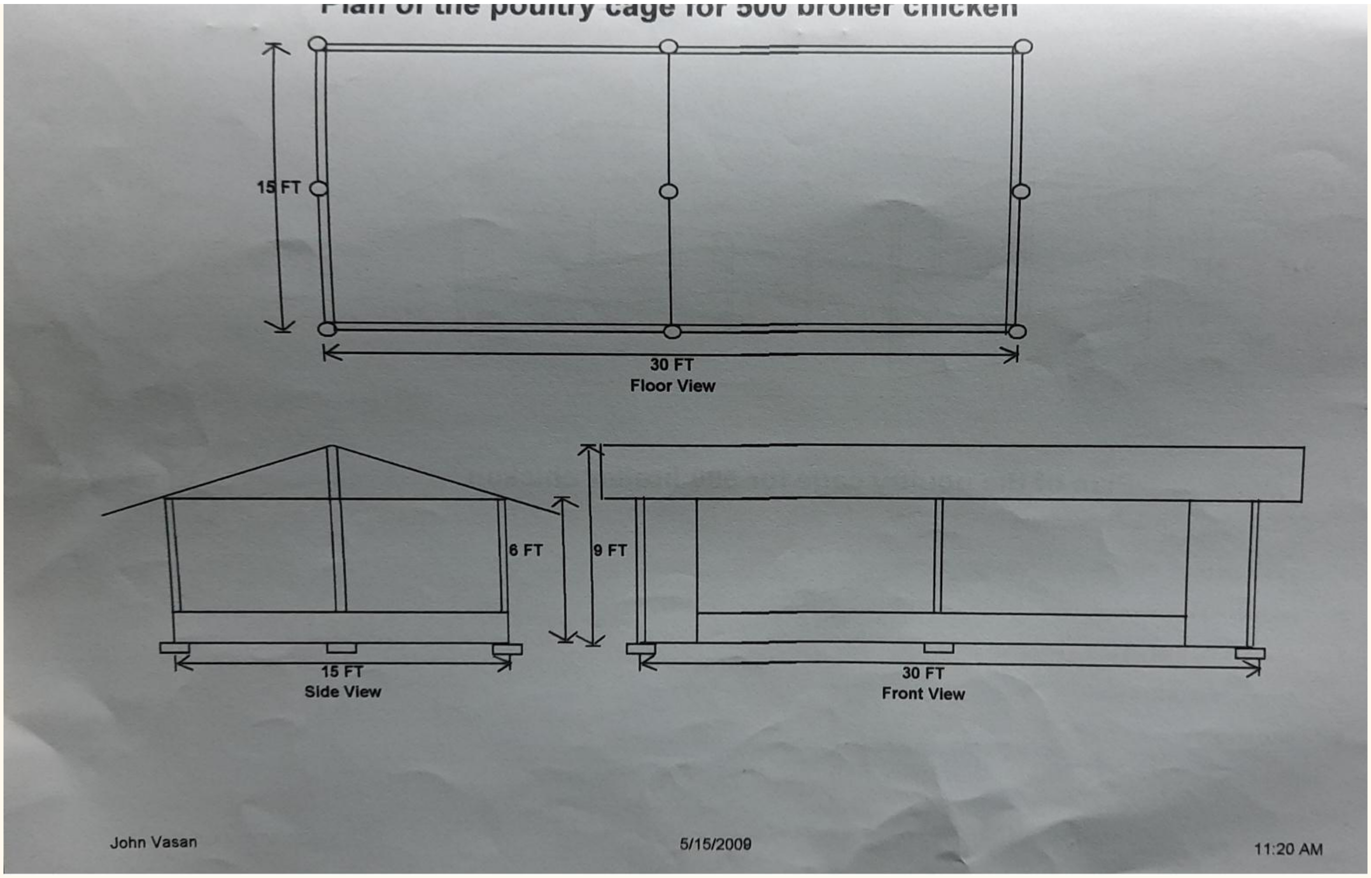
4.2. Structure and Equipment

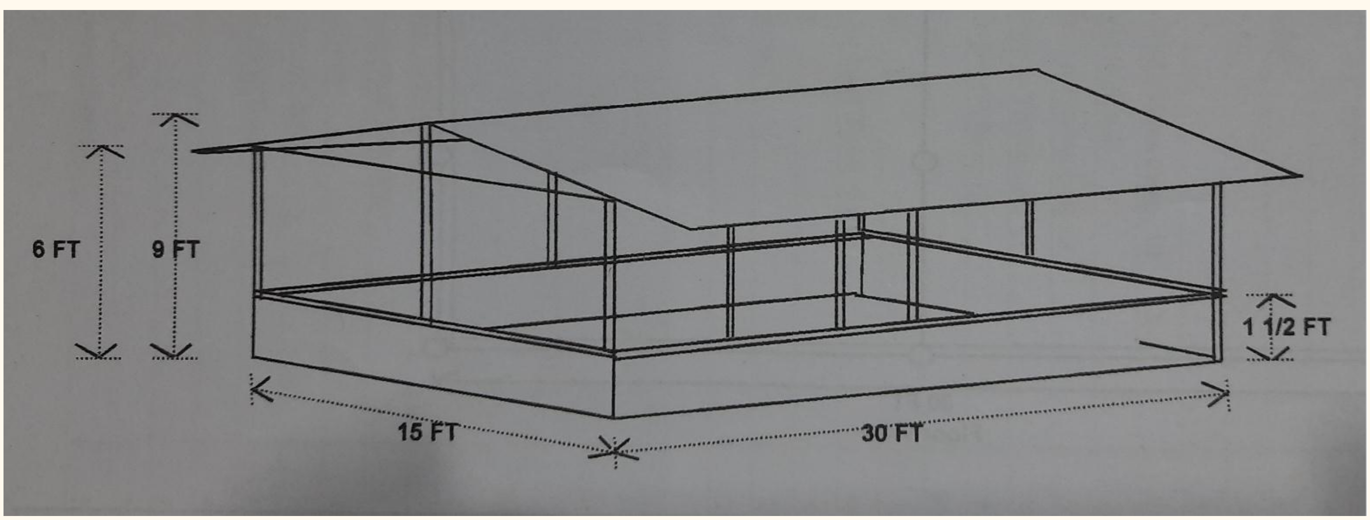
Structure for Broilers, Layers, Duck, Turkey, Quails & Back Yard Chicken

The structures will include:

1. Main shed (30 ft x 15 ft) 3 Cages with Doors.
2. Lighting of Cages.

Figure. 1. Sketch map of Chicken Cage for Broilers, Layers, Duck, Turkey & Quails





The wall height of shed shall be 9 ft, the length shall be 30 ft & the width 15 ft. The bottom cage shall be build a wall height of 1.1/2ft.

Equipment

The following necessarily required dairy equipment's shall be purchased:

1. Watering systems

2. Feeder trays
3. Egg Layer Boxes
4. Food Storage Barrels
5. Basins & Jugs

4.3. Parent Stocks

The parent birds shall be disposed after 3 years of age for curry chicken. And replacement of new bird stocks must perform.

5. Feeding

5.1. Material Requirement

The material requirement will be met with locally made mash to feed all kind of birds. Plenty of veg and fruit wastage available for Ducks, Quails, Turkey & Back yard chicken.

1. Crushed maize
2. Wheat/ Rice fiber
3. Oil Cakes (Punnakku)
4. Mineral mixture
5. Mash
6. Vegetable & Fruits

Anything additional of extra to needed to be added shall be done as per the advice of the Livestock Officials.

5.2. Feeding Rules

For a healthy birds and eggs, follow the feeding method or guideline;

Feeding regimes for Healthy Birds & Eggs

Week	In grams	Week	In grams	Week	In grams
1	9 – 11	7	45 – 47	13	66 – 68
2	17 – 19	8	49 – 51	14	69 – 71
3	24 – 26	9	53 – 55	15	72 – 74
4	30 – 32	10	57 ~ 59	16	75 – 77
5	36 – 38	11	60 – 62	17	78 – 80
6	41 – 43	12	63 – 65	18	84 – 86

5.3. Health Care

Many bird-health related problems shall be avoided by the same measures that enhance by good management. The following norms shall be practiced to ensure good health of the herd:

Bio-Security
Bio-security measures including fencing to restrict access by visitors, dogs and other animals will be followed to prevent incidence of diseases. The farm will have foot batch/foot dip at the entry point.

Hygiene
The shed shall be regularly cleaned and disinfected. Cleaning shall be done before disinfection. The cows shall be fed balanced feed and provide clean drinking water.

Quarantine
The sick birds shall be quarantined. This means sick birds shall be kept away from the rest during their illness. The newly purchased birds shall not be allowed to mix with the herd for about four weeks.

Vaccination
Timely vaccination against known diseases like foot and mouth shall be done as advised by the Livestock Officials.

Timely vaccination, de-worming and detection of heat & monitoring of weather conditions shall be ensured to enhance farm productivity.

5.4. Organic Wastes

The waste shall be remove weekly from the cages to the decomposed site for making Bio fertilizer production. The outcomes organic waste shall be used for making Farm Yard Compost (FYC).

6. Marketing Plan

6.1. Existing Market

A private collector or an agent may collect eggs @ of Rs. 40/= each, broilers Rs. 550/= per kg (life price), Parent bird Rs. 550/= per kg (life price), Duck Rs. 900/= per kg (life price), Back yard chicken Rs. 700/= per kg (life price), Turkey Rs. 1,800/= per kg (life price) and Quail Rs. 65/= per bird (life price).

6.2. Alternative Strategy

Depending on the profitability and in case the collectors or agents is not operating, it is proposed to salter and store in deep fizzers for later distribution.

7. Implementation Schedule

The project will be implemented carefully in a planned manner. The food development will monitor carefully to take control of any waste. It needs at least one growing season of 18 months.

After succeed of 1st stage, it will increase the number birds of 2nd stage. The birds will be either purchased or breed in the farm every quarter of the year.

8. Human Resource Plan

The manager is literate and able to keep farm record and ensure hygiene and sanitation. Two family members fully engaged in farming will be used for operating the enterprise.

No additional workers are needed or hired at present. After the 4th year we may appoint additional workers.

9. Financial Plan

9.1. Initial Investment Cost

The initial investment cost of the project is Rs. 8,000,000.00, which includes:

100 Layers	Rs. 35,000
700 Broilers	Rs. 224,000
30 Breeders	Rs. 82,500
30 Back yard chicken	Rs. 75,000
15 Ducks	Rs. 52,500
15 Turkey	Rs. 71,250
100 Quails	Rs. 9,000
Structure:	Rs. 4,783,372
Equipment:	Rs. 1,098,638
Food & Medicine	Rs. 1,528,740
Establishment:	Rs. 40,000

The Cost Break-up of Initial Investment Cost is:

Sl. No.	Particulars	Quantity	Approx. Rs/Unit	Total Amount (Rs)
I.	**Birds**			
1	Cost of Birds	990		**549,250.00**
II.	**Structure**			
1	Cost of bird cage	3		1,315,723.50
2	Fencing, Entrance, Gate & Store			2,546,598.50
3	Water & Electricity			1,132,000.00
4	Hatchery Plant	6		641,228.00
	Sub-Total			**5,635,550.00**
III.	**Equipment**			
1.	Water System & Feeder Trays			108,560.00
2.	Egg Boxes			49,400.00
3.	Heat Protection	1	32,500	32,500.00
4.	Egg storage cooler	1	56,000	56,000.00
	Sub-Total			**246,460.00**

	Total Capital Cost			**6,431,260.00**
IV.	**Establishment Cost**			
1	Insurance (% of cost of birds)			
2	Feed & Medicine			1,502,740.00
3	Transport			26,000.00
4	Vet department			40,000.00
	Sub-Total			**1,560,740.00**
	Total Project Cost			**8,000,000.00**

9.2. Profit and Loss Account

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

The assumptions considered in determining the profit and loss account includes:

1. Sale of Eggs, Hatch & Meat at all times of the year.
2. Average price of an Egg is Rs. 40/= to 45/= production every other day.
3. Average price of Broiler is Rs. 550/= per kg (life weight) 6 to 7 times a year.
4. Average price of Breeders is Rs. 550/= per kg (life weight).
5. Average price of Back yard chicken is Rs. 700/= per kg (life weight).
6. Average price of Duck is Rs. 900/= per kg (life Weight).
7. Average price of Turkey is Rs. 1,800/= per kg (life weight).
8. Average price of Quail is Rs. 65/= per bird (life weight).
9. The parent birds will be sold from the year 3 onwards.
10. Saving from Bio-manure will be Rs. 150,000/= per year from the start.
10. Sale of Manure increase yearly by Rs. 25,000/= to 100,000/= every year.
11. Depreciation of Structures @ 10 % spread over a period of 20 years.
12. Depreciation of equipment @ 10 % spread over a period of 15 years.
13 Timely it will increase the new hatched chicks in the farm.
14. Salary of Manager -not accounted, since one employee will be working for Dairy farm will look after this project too.
15. Mortality: not accounted

Cost Benefit Analysis

Cost/Expenditure									
R	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
1	Repayment of Loan	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
2	Depreciation of Structure	563,555	507,200	456,480	410,832	369,748	332,774	299,496	269,547
3	Depreciation of Equipment	24,646	22,181	19,936	17,967	16,170	14,553	13,098	11,788
4	Interest on Loan	520,000	455,000	390,000	325,000	260,000	195,000	130,000	65,000
5	Concentrate Feed	49,275	98,550	98,550	98,550	98,550	98,550	98,550	98,550
Total Cost		**2,157,476**	**2,082,931**	**1,964,966**	**1,852,349**	**1,744,468**	**1,640,877**	**1,541,144**	**1,444,885**
Income									
1	Sale of layer & Quail Egg	770,000	770,000	870,000	870,000	870,000	870,000	920,000	920,000
2	Sale of Meat Birds	750,750	750,750	803,400	803,400	856,050	856,050	894,900	894,900
3	Sale of chicks	165,750	165,750	215,750	215,750	215,750	215,750	268,400	268,400
4	Sale of manure	150,000	170,000	200,000	200,000	200,000	200,000	225,000	240,000
Total Income		**1,836,500**	**1,856,500**	**2,089,150**	**2,089,150**	**2,141,800**	**2,141,800**	**2,308,300**	**2,323,300**
Profit/Loss (income-exp)		**(320,976)**	**(226,431)**	**124,184**	**236,801**	**397,332**	**500,923**	**767,156**	**878,415**

10. Loan Payment Schedule

It is proposed to pay Rs. 1,000,000.00, (One Million) 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
1st Year	1,000,000	520,000	1,520,000
2nd Year	1,000,000	455,000	1,455,000
3rd Year	1,000,000	390,000	1.390,000
4th Year	1,000,000	325,000	1,325,000
5th Year	1,000,000	260,000	1,260,000
6th Year	1,000,000	195,000	1,195,000
7th Year	1,000,000	130,000	1,130,000
8th Year	1,000,000	65,000	1,065,000
Total	**8,000,000**	**2,340,000**	**10,340,000**

11. Government Clearance

i. National Environment Commission (NEC)

The cow dung is a major source of the Methane (CH_4), which is a potent Green House Gas (GHG).

The Bio-waste will enable to make use of compose fertilizer instead of letting it to the atmosphere for damaging the Ozone Layer causing global Warming and climate change.

ii. National Land Commission (NLC)

The enterprise will be executed entirely on registered private land.

ii. Forest Clearance

The nearest forest boundary is more than a kilometer away.

No debris shall be burnt. All debris will be converted into compost.

There will no felling of bushes or trees.

v. BAFRA

The enterprise will comply with Livestock Rules and Regulation, and every activity will executed as per the advice of the Department of Livestock.

12. Monitoring and Evaluation

Government Livestock officials will be the advisor as well as oversight agency to monitor the operation and management of the enterprise.

MOH officials will be welcomed to monitor the enterprise as the sole financer of the enterprise.

To the monitoring team all the records shall be made available and feedback will be sought and comply with all necessary recommendations.

13. Conclusion

High initial capital investment, long turnover period and risk of outbreak of diseases make dairy a daunting enterprise for poor farmers. Unlike other enterprises, like poultry, it requires land for fodder production which makes unfeasible for farmers with small land holding.

Nonetheless, with strong government support, entrepreneurial skill and increasing demand and price of egg and meat product the project is expected to succeed. The benefits of dairy farming are multiple. The difficulties faced in the short run yields sustained income for the family in the long run providing opportunity for young children getting employed at home itself.

The poultry farming will enable to practice organic farming.

The total loan amount of Rs 8,000,000.00 is expected to be paid back by 8th year of the project. In fourth year the enterprise will achieve the breakeven point when the capital investment cost along with interest will be paid back.

Dairy is a socially appropriate enterprise and with the strong government policy support as it is now, it has good scope for more farmers of Sri Lanka's Northern province to take similar enterprise which would alleviate rural poverty, create job, reduce dependence on forest for firewood and enable practicing organic farming.

The entrepreneur shall put utmost effort to promote Northern Angel poultry Farm (PVT) LTD, organic farming and adoption of Bio-waste in the Province. Initiatives will be taken to promote Producers Group in the Northern Province which will encompass organic vegetables production and poultry production besides Egg and Meat.

Project Proposal Prepared By:

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