

WOMEN & YOUTH DAIRY PROJECT AID FOR TRADE-COMPACT LOANS

COMPACT LOANS FOR RICE CULTIVATION

Introduction

Kachi Agri Micro Finance is an access to finance entity of Schweizer Agriculture working to provide compact loans to SMS especially women and youth led efforts in forms of cooperatives. This business opportunity is designed to hull and sell rice. It is premised on processing 7,200 Kg per day, which translates into 187,200Kg per month. The revenue potential is estimated at US\$ 93,600 per month translating into US\$ 1,123,200 per year. The total investment is estimated at USD 13,550.

Production Process

Dried and cleaned paddy is dehulled by aspiration, and the dehulled brown rice is got. The brown rice is placed in a polisher where the polished rice and bran are separated. After sieving the polished rice, the broken rice is separated. The sieved rice is packed in bags for dispatch.

Market Analysis

Locally produced rice would need massive marketing. Competition faced would be from imported varieties although with the relevant institutional and government support, this can be overcome. Supply to supermarket chains, retailers, wholesalers and Forces). National Milling (Z) Ltd, is the major key player in this sector, however, there are very many small scale investors in this sector wide spread in Zambia.

Capital investment requirements in US\$

Item	Unit	Qty	Unit Cost	Total
Combined Rice huller	No.	1	2,500	2,500
Electric Motor	No.	1	900	900
Truck	No.	1	10,000	10,000
Weighing scale	No.	1	150	150
Total cost of Machinery				13,550

Production & Operating Cost in US Dollars

Direct Materials, Supplies and Costs

Cost	Units	Unit Cost / day	Qty/ day	Prod. cost/ day	Prod. Cost/ month	Prod. Cost/ year
Item						
Rice (Super)	Kgs	0.5	3,000	1,350	35,100	421,200
Rice (Nerica)	Kgs	0.5	2,200	1,100	28,600	343,200
Up land						
Rice	Kgs	0.5	2,000	1,000	26,000	312,000
Sub-total					89,700	1,076,400
General costs (Overheads)						
Utilities (power)					150	1,800
(Utilities (water)					15	180
Salaries					300	3,600
Renting					150	1,800
Depreciation (Assets write off) Expenses					74	888
Sub-total					689	8,268
Total Operating costs					90,389	1,084,668

Production costs assumed are for 312 days per year with a daily capacity of 7,200 kgms per day.

Depreciation (fixed assets write off) assumes 4 years life of assets written off at 25% per year for all assets.



Direct costs include: materials, supplies and other costs that directly go into production of the products.

Project Product Cost and Price Structure in US\$

Item	Qty/ day	Qty/ yr	Unit Cost	Prod. Cost /year (\$)	Unit price
Rice (super)	3,000	936,000	0.5	468,000	1
Rice (Kaiso)	2,200	686,400	0.5	343,200	1
Up land rice	2,000	624,000	0.5	312,000	1
				1,123,200	

Profitability analysis in US\$

Profitability item	per day	per month	per year
Revenue			
Rice (Super)	1,500	39,000	468,000
Rice (Kaiso)	1,100	28,600	343,200
Up land rice	1,000	26,000	312,000
Less Prod & Operating Costs	3,476	90,389	1,084,668
Profit	124	3,211	38,533

Source of Supply of Raw Materials and Equipment

Equipment can be supplied locally purchased from local dealers such as; Saro Agro (Z) Ltd, InstaPro, Appropriate Technology etc.

Government Incentives Available

Agriculture sector has been recognized as a leading sector for social economic transformation for improved livelihoods, eradication of poverty and inequalities in the Eighth National Development Plan for 2022-2026 in support of a Comprehensive agriculture support programme (CASP) aimed at improving agriculture productivity. The development of electronic system, input support, value chain and access to finance. Govt identified agriculture development through settlement schemes, infrastructure development, agriculture mechanization, agribusiness business development, extension services support, agro processing of crops like rice as a strategic crop for several agricultural far, block zones starting in the financial year 2023/23. Rice Development Campaigns programme has been spearheaded by His Excellency the President and the Vice President.