

Project Report

On



Business Plan

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Business Administration Programme*

By

Shri. Paiaskhem Kharshong

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Defining the business ideas

Pig factories or pig business is one of the best businesses in the state as most of the local peoples in our state consumed or used pig products. This business will run much better and faster in the market because most of the peoples here in our state buy pork from a locals pork shop which has been lying in and open in my business I will improved my products by packaging them and keeping them from contamination. I will used all my technique to run my farming in this business I need plots of land to manage my pens n my housing for the processed food and I need piglets to grows them and the financial assistance in the various banks which gives loans to farmers and at first I will keeps only a few pens n piglets and if the location of the place is good or not for rearing pigs, I will generate my own electricity supply I will also keep labourers to manage my farms as well as for my processed food. I will grow pigs and also sell them as both as lives pigs and used as processed food i will sell them all over the state including both cities and villages.

My Business Mission

To ensure effective and efficient production and distribution of meat at affordable prices.

Vision Statement

To provide top quality meat for healthy peoples all over the country. My business is production and sales of pork and live pigs. I plan to establish a company that will produce these pigs in commercial quantity and sell to my numerous customers. We want to feed Meghalaya with healthy meat and export to other states. We will ensure that we sell the highest number of pigs for pork in Meghalaya and increase production every year in order to satisfy our customers. The most important thing in my business is hygiene and best practices in animal production. Pig farmers, pig butchers, wholesalers, retailers, meat processing companies, food packaging companies are my target customers. My business is positioned to take advantage of growth trends in the industry. My most important company strengths are measurement of live pig weight, processing and packaging of pork, none of my products are exposed for contamination, and best possible hygienic measures are taken. My company will succeed because we provide the most important basic need that is protein in form of animal meat and our products are consumed daily by majority of peoples living in Meghalaya. Due to the fact that the available meats are not enough and are not of the best hygienic standard, we will provide quality meat and make profit. With the experience, skills, and strengths of management team and workers to be employed, we will ensure that this business grows to become a household name in Meghalaya and a state class company.



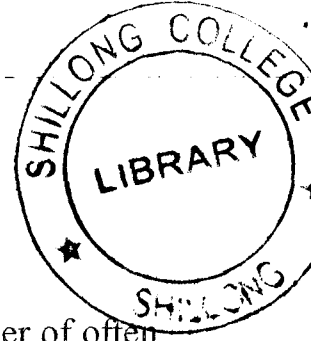
Introduction

The challenges faced by our country in securing the food as well as nutritional security to fast growing population need an integrated approach in livestock farming. Among the various livestock species, piggery is most potential source for meat production and pigs are more efficient feed converters after the broiler. Apart from providing meat, it is also a source of bristles and manure. Pig farming will provide employment opportunities to seasonally employed rural farmers and supplementary income to improve their living standards.

Origin of pigs

Pigs were first domesticated in the area of what is now eastern Turkey around 9000 years ago by Neolithic tribesmen using wild boar stock. This was the start of the move by humans from hunting to farming. By BC 4900, written records show that pigs were being reared in China. In 4000 BC the Emperor of China ordered all Chinese people to rear pigs. It was once thought that European pigs originated from this single source in Turkey. However recent research from the Universities of Oxford and Durham (Larson, Dobney et al, *science*, 2005) has shown that European domestic pigs originated in both Italy and Germany/Central Europe around 1500 BC. Other locations of pig domestication included northern India and the China. By 800 BC pigs appeared in Britain.

A small number of pigs were introduced to North America by Hernando de Soto in 1539 and by the time he died three years later the herd had grown to 700 pigs. In New York, semi-wild pigs became such a nuisance to inhabitants that a wall was built to keep them out. 'Wall Street' survives to this day.



Meaning of pigs

Pigs are not simply farm animals but have been invested with a number of often contradictory meanings. Historically, pigs and their close relatives, wild boar, have been used as badges, heraldic devices, or as symbols.

Meaning of pigs farming

Pig farming is the raising and breeding of domestic pigs. It is a branch of animal husbandry. Pigs are raised principally as food (e.g. pork, bacon, gammon) and sometimes for their skin.

Pigs are amenable to many different styles of farming. Intensive commercial units, commercial free range enterprises, extensive farming - being allowed to wander around a village, town or city, or tethered in a simple shelter or kept in a pen outside the owners house. Historically pigs were kept in small numbers and were closely associated with the residence of the owner, or in the same village or town. They were valued as a source of meat, fat and for the ability to turn inedible food into meat, and often fed household food waste if kept on a homestead. Pigs have been farmed to dispose of municipal garbage on a large scale.

All these forms of pig farm are in use today. In developed nations, commercial farms house thousands of pigs in climate-controlled buildings. Pigs are a popular form of livestock, with more than one billion pigs killed each year worldwide, 100 million of them in the USA. The majority of pigs are used for human food but also supply skin, fat and other materials for use as clothing, ingredients for processed foods, cosmetics and other and medical use.

The activities on a pig farm depend on the husbandry style of the farmer, and range from very little intervention (as when pigs are allowed to roam villages or towns and dispose of garbage) to intensive systems where the pigs are contained

in a building for the majority of their lives. Each pig farm will tend to adapt to the local conditions and food supplies and fit their practices to their specific situation.

The following factors can influence the type of pig farms in any region:

- Available food supply suitable for pigs
- The ability to deal with manure or other outputs from the pig operation
- Local beliefs or traditions, including religion
- The breed or type of pig available to the farm
- Local diseases or conditions that affect pig growth or fecundity
- Local requirements, including government zoning and/or land use laws
- Local and global market conditions and demand
- Traditional farming styles and methods.

Why do pig farming

The advantages of the pig farming are :

1. The pig has got highest feed conversion efficiency i.e. they produce more live weight gain from a given weight of feed than any other class of meat producing animals except broilers.
2. The pig can utilise wide variety of feed stuffs viz. grains, forages, damaged feeds and garbage and convert them into valuable nutritious meat. However, feeding of damaged grains, garbage and other unbalanced rations may result in lower feed efficiency.
3. They are prolific with shorter generation interval. A sow can be bred as early as 8-9 months of age and can farrow twice in a year. They produce 6-12 piglets in each farrowing.

4. Pig farming requires small investment on buildings and equipments
5. Pigs are known for their meat yield, which in terms of dressing percentage ranges from 65 - 80 in comparison to other livestock species whose dressing yields may not exceed 65%.
6. Pork is most nutritious with high fat and low water content and has got better energy value than that of other meats. It is rich in vitamins like thiamin, Niacin and riboflavin.
7. Pigs manure is widely used as fertilizer for agriculture farms and fish ponds.
8. Pigs store fat rapidly for which there is an increasing demand from poultry feed, soap, paints and other chemical industries.
9. Pig farming provides quick returns since the marketable weight of fatteners can be achieved with in a period of 6-8 months.
10. There is good demand from domestic as well as export market for pig products such as pork, bacon, ham, sausages, lard etc.

Scope for pig farming and its contribution to national

The pig population of the country is 11.1 million as per the 2012-13 annual report of Animal Husbandry. Pork production in India is limited, representing only 7% of the country's animal protein sources. Production is concentrated mainly in the north-eastern corner of the country and consists primarily of backyard and informal sector producers. According to 18th Livestock Census of India (2007), there was a marginal decline in total swine population. The Indian market for processed pork products is small, and the majority of this market is supplied through imports. Although there are some local companies which manufacture processed products such as sausages and bacon, quantities are limited and the industry is small. According to MoFPI, there are 3600 slaughter houses in India, although the majority of these facilities do not export. There are a small number of abattoirs in India which meet international standards. However, these facilities do not process pork. The pig farming constitutes the livelihood of rural poor belonging to the lowest socio-economic strata and they have no means to undertake scientific pig farming with improved foundation stock, proper housing, feeding and management. Therefore, suitable schemes to popularise the scientific pig breeding cum rearing of meat producing animals with adequate financial provisions are necessary to modernise the Indian pig industry and to improve the productivity of small sized rural pig farms. In view of the importance of pig farming in terms of its contribution to rural poor and possible potentials for pig rearing in our country, Government of India has initiated measures to promote the pig farming on scientific lines under its five year plans. In order to make available good foundation stock 115 pig breeding farms were established throughout the country.

Financial assistance available from banks /

NABARD for pig farming

For piggery development schemes with large outlays, detailed project reports will have to be prepared. The items such as land development, construction of sheds and other civil structures, purchase of the breeding stock, equipment, feed cost up to the point of income generation are normally considered under bank loan. Other items of investment will be considered on need basis after providing the satisfactory information justifying the need for such items.

Project formulation for Bank Loan

The report normally should include information on land, livestock markets, availability of water, feeds, veterinary aid, breeding facilities, marketing aspects; training facilities, experience of the farmer and the type of assistance available from State Government Regional Pig breeding centres. The report should also include information on the number of and type of animals to be purchased, their breed, production performance, cost and other relevant input and output costs with their description. Based on this, the total cost of the project, margin money to be provided by the beneficiary, requirement of bank loan, estimated annual expenditure, income, profit and loss statement, repayment period, etc., can be worked out and included in the project cost. The project should include the following information on technical, financial and managerial aspects in detail based on the type of unit and capacity

Technical: **A.** Nearness of the selected area to financing bank's branch. **B.** Availability of good quality animals in nearby livestock markets/ breeding farms. **C.** Source and availability of training facilities. **D.** Availability of concentrate feeds and kitchen/ hotel/ vegetable market

waste and broken grains from go downs. **E.** Availability of medicines, vaccines and veterinary services etc. **F** Availability of veterinary aid and marketing facilities near the scheme area. **G.** Reasonability of various production and reproduction parameters

Financials:

A. Unit cost - The average cost of piggery breeding stock. **B.** Input cost for feeds, veterinary aid, insurance, labour charges, etc. **C** Output costs i.e. sale price of fatteners, piglets and culled animals **D.** Income-expenditure statement and annual gross surplus **E.** Cash flow analysis.

Managerial:

Borrower's profile

A. Individual/Partnership /Company / Corporation/ Co-operative Society /Others **B.** Capability in managing the proposed business **C.** Experience in proposed activity or others **D.** Financial soundness **E.** Technical and other special qualifications **F.** Technical/ Managerial staff and adequacy there of

Others:

A. Name of the financing bank **B.** Assistance available from State/ Central Government **C.** Regulatory clearances, if any etc.

Appraisal of the project

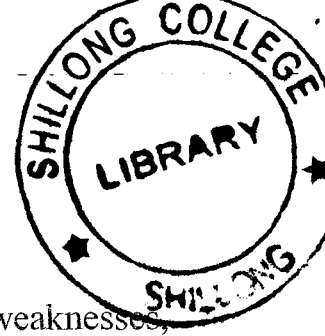
The project so formulated considering the above mentioned aspects should be submitted to the nearest branch of the bank for availing credit facility for establishment of the broiler farm. The bank will then examine the project for its technical feasibility, financial viability and bankability.

Sanction of Bank loan and its disbursement

After ensuring technical feasibility and economic viability, the scheme is sanctioned by the bank. The loan is disbursed in stages against creation of specific assets such as construction of sheds, purchase of equipment and animals. The end use of the fund is verified and constant follow-up is done by the bank.

Lending terms

Unit cost and Outlay of the project depends on the local conditions, unit size and the investment components included in the project. Prevailing market prices / cost may be considered to arrive at the outlay. Margin Money Margin depends on the category of the borrowers and may range from 10% to 25%. Interest Rate for ultimate borrower Banks are free to decide the role of interest within the overall RBI guidelines. However, for working out the financial viability and bankability of the model project we have assumed the rate of interest as 12% p.a. Security will be as per NABARD/RBI guidelines issued from time to time. Repayment Period of Loan Repayment period depends upon the gross surplus in the scheme. The loans will be repaid in suitable half yearly/annual instalments usually within a period of about 5-6 years with a grace period of one year. Insurance the animals may be insured annually or on long term master policy, where ever it is applicable.



Strategic Direction SWOT Analysis

This is a summary of the business most important Strength, weaknesses, opportunities and threats.

1. Strength.

- Excellent quality product “ which means that adds to reputation”
- Good management skills “which means that will run business”
- Good ability to extract information “which means that can control the business”

2. Weaknesses.

- New players “ which means that creditability problems may affect initial sales
- Lack of system ‘which means that the company need to developed systematised operational and operational and sales technique or sacrifices profit
- Lack of technology “which means no technology is used for production or for breeding”

3. Opportunities.

- Add on product such as “which means that a potentially enormous (very large) market for the pig farming business to tap into.
- Growing market segments “which means that our pig farming business should targets these segments”

4. Threats.

- Increasing suppliers prices “which means that resulting in reduced profitability”
- Declining size of the segments “which means that need to focus on growing segments to spread the company portfolio”

• PEST Analysis

- Political factors;
- Government schemes for piggery;

The schemes is aimed at assisting/landless labours/co-operatives and tribal particularly in North-eastern states by rearing pigs under stall fed conditions for quality pork production and organised pork marketing in rural and semi-urban areas. The main objectives of the schemes are:

- Encourage commercial rearing of pigs by adopting scientific methods and creation of infrastructure.
- Production and supply of improved germ plasma.
- Organising stakeholders to popularise scientific practices.
- Create supply change for the meat industry.
- Encourage the value addition for better income.

➤ Environmental and economic factors:

- The quality and quantity of available feed water.
- Climatic factors such as air, temperature, humidity and solar radiation.
- In addition, parasites, diseases, managerial marketing, socio-economic and political factors must also be taken into account.

➤ Socio-economic factors affecting pig production

A total of 80 farmers were randomly selected and used for the study. Results showed that 76% of pig farmers were men whereas 24% were women. Most of the farmers i.e 55% were educated above secondary school it was observed that majority i.e 70% of the farmers combined pig farming with others ventures. Most of the farmers (51%) had less than 5 years experience. The crossbreed (10.6) and exotic breeds (41.8%) of pig were the major breed's reared in the state. Some management practices observed were daily cleaning of pens, restricted feeding and record keeping. The average litter size of pigs record was between 6-10 piglets. Regression analysis showed that average market weight of the pigs in the state was 79.0 kg.

➤ Technology factors

- Nearness of the selected areas to financing banks branch.
- Availability of good quality animals in nearby livestock markets/breeding farms.
- Source and availability of training facilities.
- Availability of medicines, vaccines and veterinary services etc.
- Availability of veterinary aid/breeding centres and marketing facilities near the schemes areas.
- Availability of concentrate feeds and kitchen/hotel/vegetables markets waste and broken grains from food corporations godown.

- Reasonability of various production and re-production parameters.

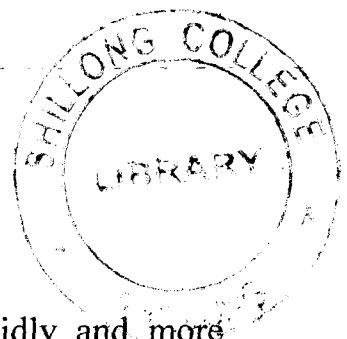


Targeted market and customers

In Meghalaya state are our valued customers. These customers buy pigs from farmers in the state. It is our responsibility to locate and market our products to them. Local consumer of pork in Meghalaya and others states will be courage through proper marketing technique using our point on purchase sales outlet. These consumers buy pork in the market for consumption. Through proper marketing strategy, these customers will be encouraged to buy our products. Pig farmers who need boar, piglets or sows are our targeted customers. They may want to buy a boar, piglets or in- sows (pregnant pigs) for their farms. All pig farmers in the state will be located and visited and how to sell products to them when they need them will be in reach. Wholesalers and retailers of pig in the state are our valued customers. They buy from farm and resell to the butchers and consumers. They will be searched and located and their contact kept in our record. They will be contacted when they need any product.

Public markets are places where our customers may want to come and buy our product. Sellers of pork are also our targeted customers.

Food processing and packaging companies in the state, eateries, restaurants and hotels are also our targeted customers. These companies will be encouraged to put pork in their menu, and will be sold to customers. A very good marketing strategy will be employed.



Growth Trends in this Business

The growth trends on the market is seriously increasing rapidly and more consumers preferring to eat pork because it is affordable and readily available upon increase production. However products in the market are not packaged and I will take advantage of this. We will introduce product packaging to increase product development. The pig industry can be a very reliable one due to certain attributes of pigs and the Meghalaya production system. Pigs have a high survival rate and also have the ability to utilize a host of agro-industrial by products and crop residues with little or no processing and minimal cost. Pork is the most popular meat consumed in the world today and about 44% of the world meat protein consumption is derived from pork and pork products (FAO, 2004)

Pricing Power Pricing

My method of setting prices is based on weight of my life pigs and pork. For my business, my pricing is higher than that of my competitors because I am starting. I will increase quality of my products and use this to sell my products to my targeted customers. My price will be fair and I will compete on quality. Price is important in this market but my customers mostly make their purchase decision on quality. This is my pricing power to put my company on the position were peoples will be satisfy with the products I sold to them.

Space requirements

- Amount of space: Three plots of land are enough for a start. This space will house fifty pens of 10 by 10 feet built strategically. This will also house my administrative building. The space can house at least five hundred pigs conveniently.
- Type of building: I plan to build low cost housing that will last for a long time. This is because I don't want to tie a lot of capital to land and building. However this is important considering the location criteria for the business.
- Power and other utilities: Power and water bore hole are required. The cost of sinking borehole and that of power are adequately considered.

Internal control

My accountant is experienced in my type of business which includes national trade in future. He will help me set up a system of internal controls to make sure that the company will receive all of its income without any of it being siphoned off by waste, fraud, dishonest employees or carelessness. Included in an internal control policy is who can sign for goods and services and who controls the release of goods and services out the door. Included in the internal control policy will be the requirement that the only person authorized to sign purchase orders, make capital acquisitions and sign checks will be I personally.



Credit Policies

I plan to sell on credit to credit worth customers who have been proven to pay on time. I need to sell on credit because the wholesalers buy large numbers and supply before they get their money and pay. It is customary in my industry and it is expected by my customers. Policy on who gets credit and how much are based on sales and volume of transaction in the past and faithfulness in prompt payment over time. I will check the creditworthiness of new applicants by not granting it on first time. I will make it know that it is based on volume of product bought and paid for in the past. Upon time, my accountant will evaluate whether the new applicant is worthy or not. I will offer discount on prompt payment of credit. The due date for credit will be due upon negotiated date. No payment dead line will be extended and the customer will be held responsible for bridging the terms of the credit.

Marketing Plan

I plan to use the following marketing tactics

1. Personal contact and letters to butchers, pig farmers, wholesalers, retailers, restaurants, hotels and food packaging companies in the major cities of Meghalaya.
2. Product packaging by selling my packaged pork and live pigs will be used. This is an added advantage as most meat is exposed without being packaged.
3. Point- of - purchase display and sales outlet will be used.
4. Relationship marketing to pig farmer, and other customers will be employed. This is maintaining relationship and communication.

5. Free samples to food packing companies and restaurant will be used to increase customer interest. This is for our processed product.
6. Publicity for increase awareness of huge benefit of pork consumption and using the medium to advertise our product will be used.
7. Billboards as part of publicity and increasing awareness of our product will be used.
8. Our product will be weighed and sold on scale with increase customer services.
9. Our price will be fair, correct price for the value of our product.
10. My marketing and sales manager will personally be responsible for the contacts with the appropriate buyers. When these innovative marketing tactics are employed and the customer show interest to buy, the sales manager will sell to the customers directly. The customers will come to the farm to purchase live pigs. If customers want us to deliver the live pigs, transportation charges will be included. For processed products, it will be delivered to the customer. Sales agent will be employed to sell and distribute the product in the state.

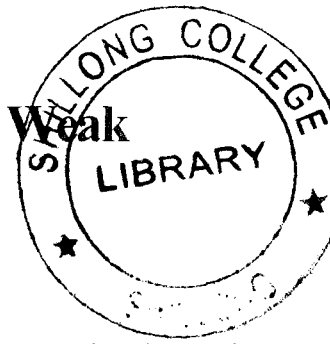
Purchasing and Inventory Control

For inventory control, I plan to participate in just-in-time tracking with my customer, ensuring that from first day of stocking, marketing begins before my products reach 100kg weight requirement before sales. One major challenge in pig production is cost of feeding. Keeping large inventory will not be allowed because of the high, unnecessary cost associated with it. This is pig production business, and with artificial insemination, (process of breeding of piglets according to plan) where sales are periodic until the farm grows very large to supply every day. As much as possible, keeping finished products (pigs) to eat

my money will be kept to a minimum by use of direct and rapid delivery systems and efficient marketing plan. The following procedures will be implemented for purchasing. We will ask for 30 day payment terms for companies in the state, where individual will pay before delivery. A low cost effective inventory control system will be maintained. All merchandise received will be counted and inspected we will pay our contractors, supplier of feed and other product on time and be loyal to them. We will ask for and take term discounts. When the farm grows large, the following inventory control technique will be employed.

- I will keep feeds, live pigs awaiting sales as inventory at a level to ensure that I satisfy my customer and always have pigs to sell at all time and maintain minimum inventory cost.
- Average value in stock will be the cost of feeding the pigs which are already mature for sales and general cost of maintaining the animal in the farm.
- Lead time for ordering for feed will be a month. The feed will be bought on the monthly basis to ensure that the feed does not finish.

How I Plan to Take Advantage of Competitor Weak Points



My biggest competitor is Pork shop and Poultry Farm, which has gained good brand recognition. I will weight my life pigs and package my processed products. My product does not contain much fat. This is to show that they are of higher quality than that of my competitors. Farmers of pig, cattle, sheep and goat have been in the market before me but they do not weigh their product before selling. My product will be weighed to give the customer the value to his or her money they deserve. These farmers do not process and package their product. They sell live pigs. With my additional processing facility, more customers will come and buy from me in other to reduce the stress of butchering and processing. Sellers of meat expose their product, my sales outlet will sell packaged products thereby penetrating the market and taking advantage of their weak points. This is an advantage to me. For product like beef, goat, sheep and poultry meat, they are more expensive when comparing the quantity and content of the product. My product will take advantage of this, because it is cheaper to produce higher quantity at lesser price compared to poultry, cattle and goat and sheep.

GROWTH PROGRAM EXPANSION

Once my business has been established I plan to implement the following growth strategy

.I anticipate it will take approximately five years to gain sufficient experience and level of profits before any expansion plans are implemented. My growth strategy will be guided by the following: I will not set an inflexible timetable for expansion but will wait until a sound basis of experience, earnings and cash

flow is achieved. Accounting and cash flow controls will be in place with profit and loss statements prepared for expansion on a six monthly basis. Internal controls for accounting, money handling and inventory will be in place

Hiring and training policies will be in place. Fringe benefit plans will be in place my intention is to delegate authority and responsibility to expansion management personnel with the following conditions in place

1. Managers will be motivated by a profit incentive plan which will be tied to manager's individual success. My plan will be in writing, simply stated and call for frequent period of accountability.
2. Capital allocations and signing checks will not be delegated

Handling Major Problems The following risk will be managed.

1. A key customer cancels a contract to buy my pigs or pork.
2. My sales projections are not achieved.
3. Failure to buy feed from a seller or company due to failure to deliver.
4. Public opinion on pork consumption due to religious, cultural and socio economic challenges.
5. Failure to find the trained and experienced labour.
6. Death of my animals in the farm.
7. Disease outbreak which cannot be controlled.
8. Death of piglet during delivery due to complications.
9. Paying my employee too much.
10. Hiring friends and family members rather than most qualified candidate.
11. Underestimating cost of project and other costs.
12. Loss of sales.
13. Overlooking competition.

14. Not satisfying my customers.

My policy in handling problem or risks identified above will be to identify and acknowledge problems promptly and honestly. I plan to put the following policies into effect promptly if and when the following adverse scenarios emerge during my growth program. The risk of running out of cash: I plan to maintain very frequent monthly cash flow projections. Forecasts for income, expenses and unanticipated contingencies will be stated conservatively. Any period of cash deficits will be remedied promptly by cutting cost to maintain a positive cash flow and profitability. Disease outbreak will be handled by the veterinary doctor and appropriate action taken to prevent further outbreak and loss. Death and other related issues will be handled seriously. A drop in sales or insufficient sales:

1. I will be prepared to take prompt remedial steps by cutting costs.
2. I will improve every aspect of product value, performance and image
3. I will seek out new ways to expand sales.
4. I plan to stick with this specialized business that I know best unless fatally defective dishonestly, theft, shrinkage: I intend to implement the same policies that have been proven by others Piggery and Poultry Farm, one of my biggest competitors. Business recessions: I am prepared to promptly cut costs to maintain liquidity. I will also be on the lookout for good business opportunity during periods of adversity.

Conclusion

Pig farming and Processing food Unit seeks to provide quality products and services to its customers in the best possible way. It aims at serving the best interest to all sections of the society and it can accomplished this by keeping a check on its weaknesses and threats and constantly giving more effort in improving them.

Pig farming may be a comparatively small processing unit with large opportunities for growth. With better application of the functions of management that is planning, organising, staffing, directing and controlling the unit can strive towards betterment.