

Agriculture Sector



SETTING UP A CHICKEN HATCHERY

Introduction

This business idea is aimed at setting up a Chicken Hatchery. It is premised on hatching eggs for layers and broilers for both local and hybrid birds. The business will be hatching 38,000 chicks per month, which translates into 456,000 chicks per year.

The revenue potential is estimated at US\$ 45,805 per month, which translates into US \$ 549,657 per year. The business has a good market demand throughout the year and can provide employment to youth and women. The production capacity of the hatchery is 38,000 eggs per month. The project initial total cost is US\$ 19,500 with a net profit margin of 88% with a payback period 3 years and 5 months.

Process Description

Selected good eggs are collected and inserted into an incubator for 18 days. They are then transferred into a Hatchery for 3 days to hatch.

Capital Investment Requirements in US\$				
Item	Unit	Qty	@	Total
Incubator	No.	1	6,000	6,000
Hatchery	No.	1	6,000	6,000
Feed mills & Mixer	No.	1	2,500	2,500
Generator	No.	1	5,000	5,000
TC of Machinery				19,500

Production and Operation Costs in US\$						
Item	Units	@/day	Qty	Prod. cost/day	Prod. cost/month	Prod. cost/year
Parent stock	No.	15	100		1,500	18,000
Eggs	No.	0.05	38,000		1,900	22,800
Coffee husks	Tones	15	1		15	180
Disinfectants	Litres	1.3	3	4	104	1,248
Vaccines	Litres	2.5	4	10	260	3,120
Sub-total					3,779	45,348

General costs (Overheads)

Utilities (power)	200	2,400
Utilities (water)	40	480
Salaries	360	4,320
Feeds	120	1440
Fuel	320	3,840
Renting	160	1,920
Depreciation(Assets write off) Expenses	406	4,872
Sub-total	1,606	19,272
Total Operating Costs	5,385	64,620

Production assumed 21 days in a month with a capacity of 38,000 eggs per press.

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

Project Product Cost and Price Structure in US\$						
Items	Period	Output	@	UPx	TC	TR
Layers	21 days	19,514	0.1	1.4	2,765	26,600
	per year	234,168			33,184	327,825
Broilers	21 days	18,486				
	0.1	1	2,620	18,000		
	per year	221,832			31,436	221,832
Total		456,000			64,620	549,657

Profitability Analysis in US Dollars			
Profitability item	per day	per month	per year
Revenue			
Layers	1,301	27,319	327,825
Broilers	880	18,486	221,832
Less production & operating costs	256	5,385	64,620
Profit	3,368	40,419	485,037
Layers	599.19	21,258	255,100
Broilers	210.19	26,375	316,500

Market Demand

The supply of one day chicks has a high demand both in rural and urban areas throughout the year. Market for the one day chicks from good breeders can be produced anywhere in the country to reduce transportation and sold within the country and to the neighboring countries

Government Incentives Available:

Agriculture equipments, tools and chemicals are duty free on importation.

Equipment Suppliers

Some of the equipments can be purchased from the local market; some are just imported from Europe, India, South Africa and China.

Risk

The risk involved in this kind of business is poultry diseases like coccidiosis which can be mitigated by vaccination of the birds either weekly or monthly.