

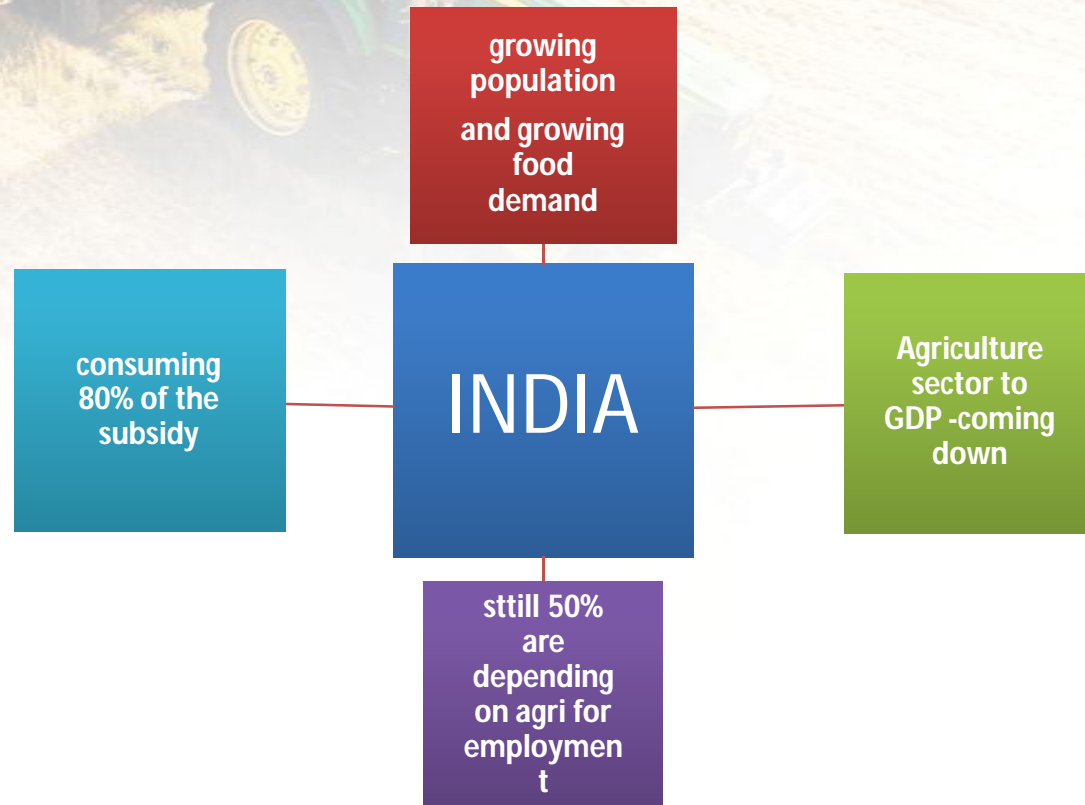


# BUSINESS FEASIBILITY ANALYSIS

For FPO promotion



# NEED for FPO





# NEED FOR FPO- cont.,





# NEED for FPO cont.,





# way out

- Individual effort and collective action to continue
- Farmers owned and managed organisation
- Making them as the owners of all process
- Collective social organisation promotion with business

**Social enterprise**



# Social enterprise

A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment

**focusing on social value**

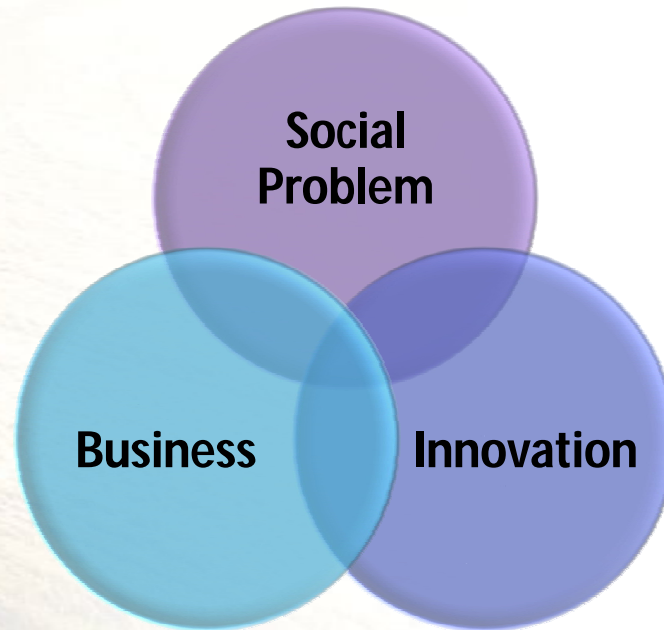


## What it should aim?

- ✓ It is not allocation of profit matters
- ✓ Should be with social innovation and sustainable solution
- ✓ And with Triple bottom line indicators
  - **Social**
  - **Environmental**
  - **Financial**

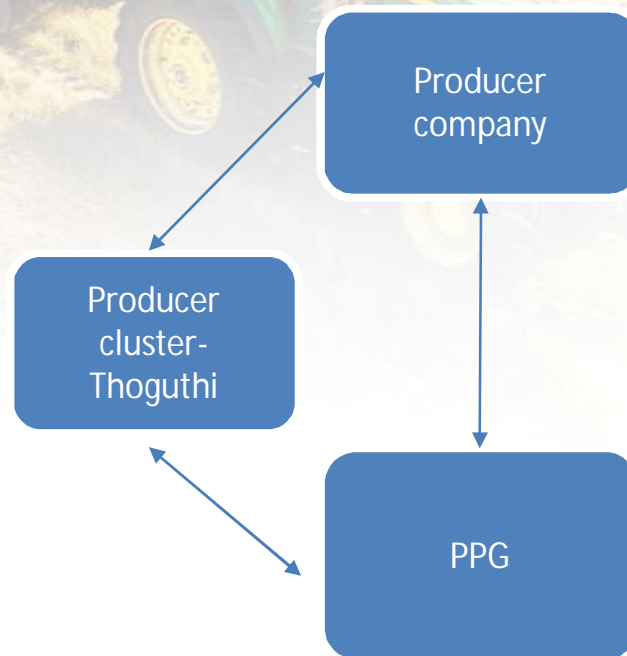


# Dimensions of SE





# Structure of PC





# Need of FPO

- Patient approach
- Patient capital
- Viable ecosystem development
- Focus on production and productivity
- Collective marketing
- Handholding/ Start up support



# Promotion of FPO

- Feasibility analysis
- Promote the organisation
- Prepare the business plan/  
detailed project report



# What is a Feasibility Study?

- A feasibility study is an analysis of the viability of an idea through a disciplined and documented process of thinking through the idea from its logical beginning to its logical end.
- A feasibility study provides an **Investigating** function that helps answer *"Should we proceed with the proposed project idea? Is it a viable business venture?"*



## Levels of Feasibility Assessment

- A feasibility study of an idea is conducted at three levels
  - Operational Feasibility
    - “Will it work?”
  - Technical Feasibility
    - “Can it be built?”
  - Economic Feasibility/ Financial feasibility
    - “Will it make economic sense if it works and is built?”
    - “ Will it generate PROFITS?”



# Project/operational

- Secondary data
- Primary data – PRA methods
- Finalising the villages
- Finalising the commodity cluster
- Finalising the legality of the organisation

A photograph of a green tractor with yellow wheels and a blue trailer in a field. The tractor is positioned in the foreground, and the trailer is attached to its rear. The background shows a vast, open field under a clear sky, with some trees visible in the distance.

# Secondary data

- Map of the block
- Total area
- Total population.
- Rainfall and soil type
- Cropping pattern/season
- Natural resources
- Land availability and utilization
- Nonfarm activities/ other source of income for the farmers
- Financial institutions and its reach
- Governmental organizations/programmes and its reach



# Secondary data analysis

The analysis of the secondary data will help to understand

- the status of livelihood –
- livestock population,
- number of acres under cultivation or
- the number of members involved in the production activities
- dominant crop of the area,
- availability of workers,
- market details and the natural resources available.

These details could be marked in a map which will help to identify the cluster of nearby villages where the same occupation/ activities are happening.





# Commodity cluster

- Constant production
- Optimum size and scope
- Proper logistics
- Economies of scope
- Willingness of farmers
- Scope for technological intervention



# Primary data

- Observation Method
- Interview Method
- Questionnaire Method
- Schedule Method
- PRA
- FGD



# Primary data analysis

- Dominant crops grown in the area
- Number of farmers and the acreage under cultivation
- Cost of cultivation
- Package of practice
- Yield
- Price of commodity
- Income of the farmers
- Net profit
- Details of service provider
- Gaps in production
- Issues of input and output marketing



## Operational viability consolidation

- First eliminate the activities which are done in a lower scale.
- Take up/ finalize the livelihood activity which has a scale
- Describe the type and quality of product produced in the area.
- Describe the quantum of production of all identified products



## Operational viability consolidation

- Consolidate the local, low cost and high end technologies adopted in the area
- resource availability and continuity for the production to be assessed
- Mark the production relationship to the surrounding geographical area.
- Outline the economic and social impact on local communities.
- Describe the environmental impact on the surrounding area.



## Business plan – First chapter

- Social commitment of the business
- Operational or project viability
- Institutional structure
- Legality of the institution



## Technical and Economic Viability

**PRODUCT-A BUNDLE OF BENEFITS**

**VALUE PROPOSITION = BENEFITS**  
**COSTS**

**TIME , MONEY , EFFORT**



# THE MARKETING RESEARCH

## 5 C's ANALYSIS

- Customer-----what needs to satisfy?
- Company-----what skills, competency.  
To meet these needs?
- Competition– who competes to meet.  
These needs?
- Collaborates- who do we enlist to.  
Help? How ? what are their.  
Cost structures. More &  
More seen as partners.
- Context----- restrictions/limitations.  
Cultural, technological,  
Legal. (Pest).





## Customer

- Determine what are the needs and from which clients that you're trying to satisfy.
- A few areas of research can be market segments, frequency of purchases, quantity of purchases, retail channel, and customer needs depending on trends over time.



## Company

- “SWOT” analysis.
- • Strengths: innovative products, expertise and procedures
- • Weaknesses: lack of knowledgeable technical support or average product quality
- • Opportunities: a new international market or a market led by a weak competitor
- • Threats: a new competitor or price war



## Competition

- **Determines** who competes with your company in meeting the customer's needs.
- Is the competitor an active competitor or is it a potential threat?
- What are their products exactly? What are their strengths and weaknesses



## Collaborators

- Determine if there is any outside source
- third party help that can help the company such as distributors, suppliers etc.



## Context

- Determine if there are any limitations due to
  - Political issues: legal problems, trade regulations, taxes or labor laws
  - Economic issues: growth rate, labor costs, and business cycle stage
  - Social impacts: demographics, education, and culture
  - Technological developments: impact on cost structures
- This is also known as “PEST” analysis.



# 4 Ps of MARKETING





## Product

The product refers to the good procured and available for marketing which includes the features, branding, packing, services and warranty terms.

### **PRODUCT PACKING AND LABELLING**





## Price

The price refers to the product cost and service cost, which includes the overall price of advertising, discounts, credit or other payment arrangements.

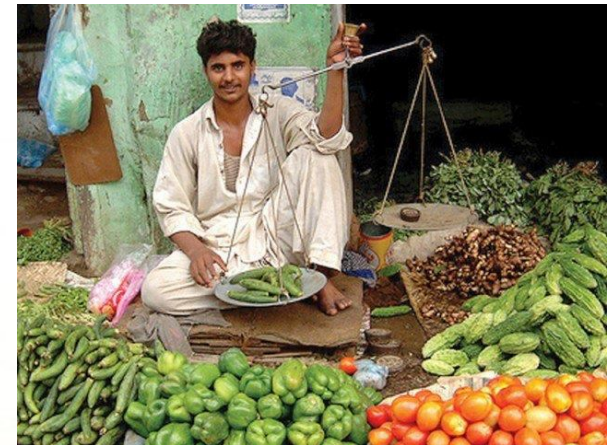
<http://agmarknet.gov.in/DailyMarketReport/StateWiseMarketWiseDailyReport.aspx> for more information and services offered.





## Place

The place refers to delivery of the product or services such as location, delivery methods and stock maintenance





## Promotion

The promotion refers to all the activities and methods used to promote the business and products including sales, public relation, direct marketing and advertising.





## Marketing Channels

- Producers, middlemen, commission agents, wholesalers, Traders, retailers
- and also consumers.
- These players play vital role in the marketing channel.



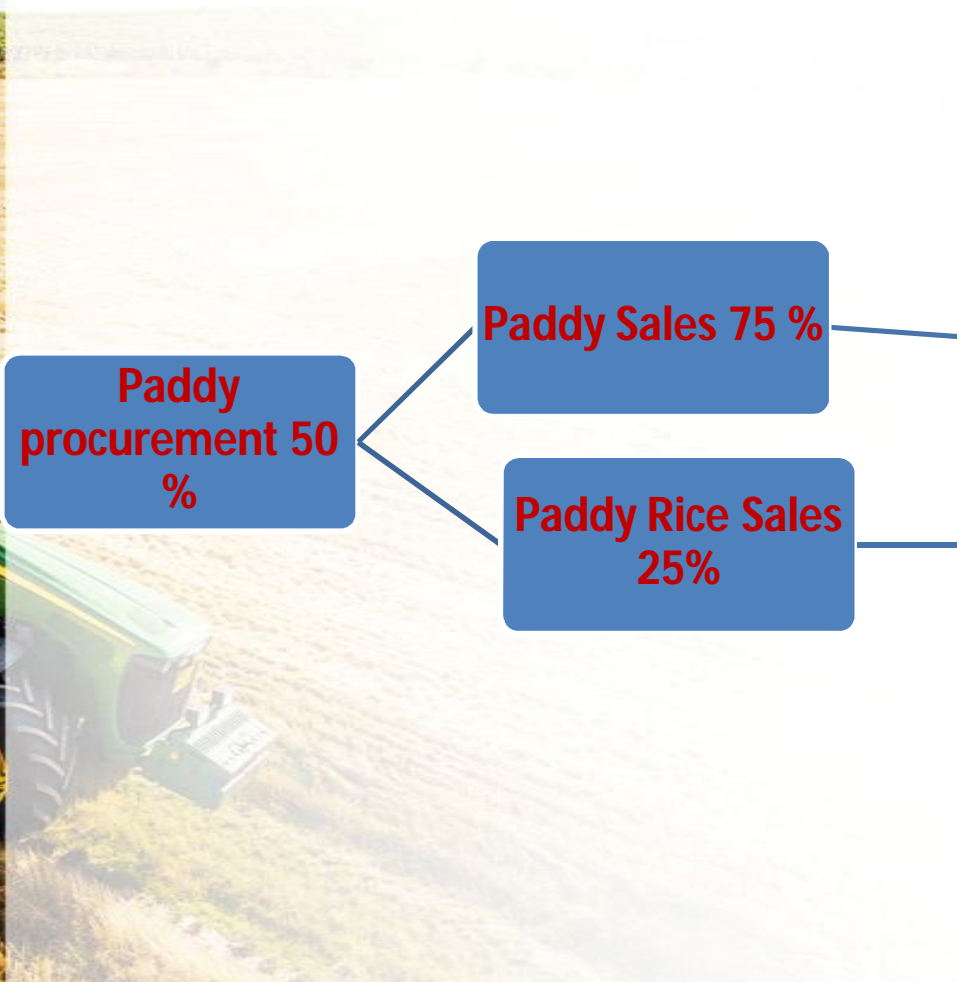
**Paddy procurement 50 %**

**Paddy Sales 75 %**

**Paddy Rice Sales 25%**

**Sales Profit 6 %**

**Rice Profit 23 %**





# Interventions Proposed

## Production

- **Input Supply services**
- **Technical Services**
- **Networking Services**

## Marketing

- **Marketing services**
- **Procurement services**
- **Custom Hiring Business**



# FINANCIAL VIABILITY



## Financial Resources Plan

- Focus about fund mobilized for the business in terms of own funds and leverage with the banks.
- very important one to get clear information about the volume of business undertaken by the FPI
- contribution of each shareholder to sustain their activity.



- Production and Marketing Plan
- Operational Plan/ Activity plan for three years
- Cash flow Analysis
- Benefits – Farmers/ FPI
- Impact of the Intervention





## Risk and Risk Management Plan

- Preparedness
- Recovery
- Reuse
- Strategy



***Thank You***