

# Welcome to Presentation on Fresh Mushroom & Seed Production based Social Business in CHT

**ASHIKA Agro-Farm Products Co-operative Society Ltd.  
(AAFPCSL)**

৳i wRt bs. i v½v- 46 Zwi L-05/07/2012,mgevgq Awa` Bi , i vsMvgwU|

**K.K. Roy Road, Rangamati-4500**

**CHT, Bangladesh**

**Phone: +880-351-63570**

**E-mail: [ashika\\_ranga@yahoo.com](mailto:ashika_ranga@yahoo.com)**

**Website: [www.ashikabd.org](http://www.ashikabd.org)**

# Project Focus

Supply locally produced safe and completely organic mushroom seeds/spawns & fresh mushroom throughout the CHT & national level.

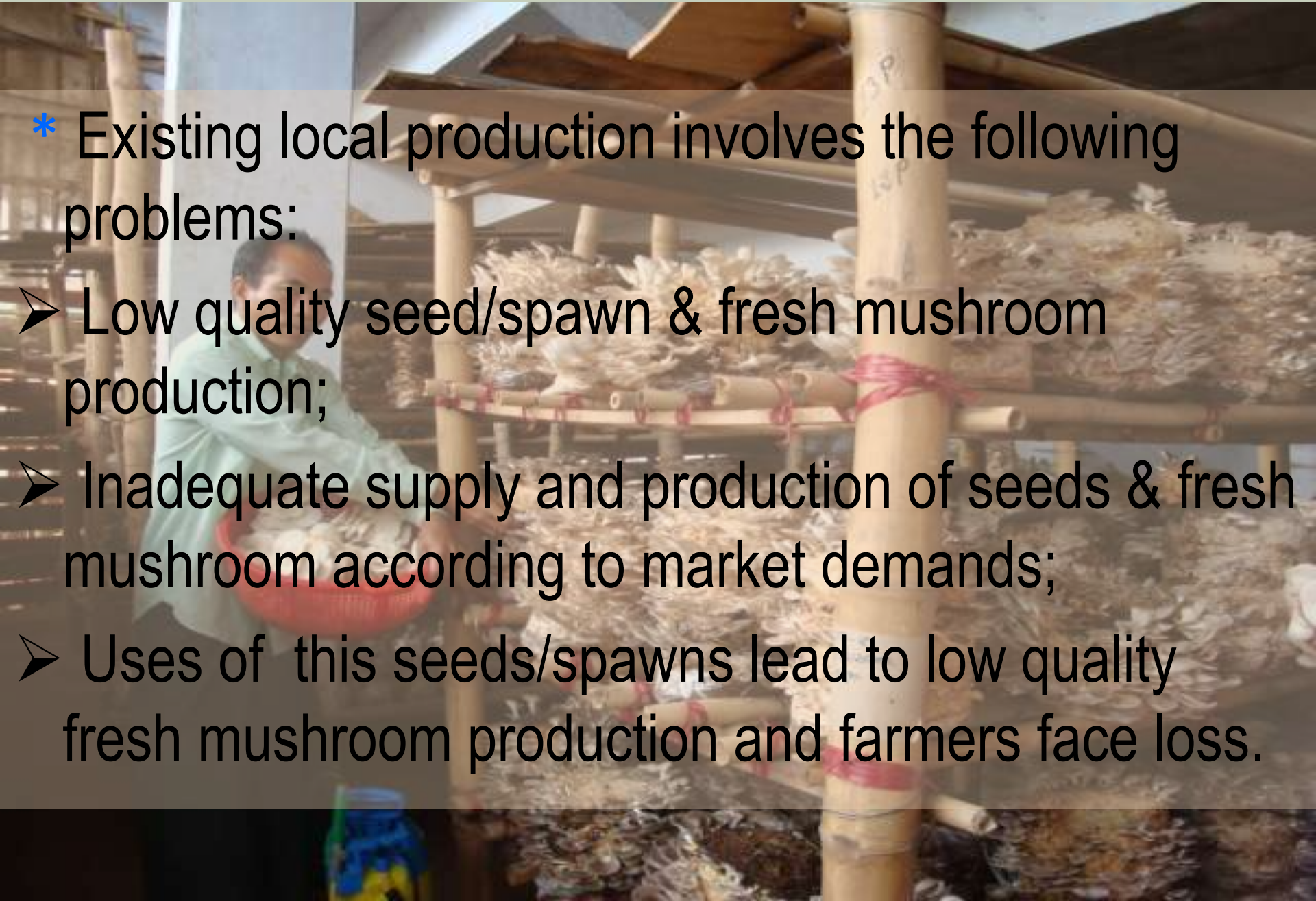
# Background

- ASHIKA is a CHT based development organization which has been working for community development since its debut in 2001. The organization has been successfully pioneering in the sector of IGA projects which is obviously related to the *seven major principles* of Social business. Hence, ASHIKA expanded its working scope by establishing- *ASHIKA Agro- Farm Products Co-operative Society Ltd.* Under Cooperative Directorate of Bangladesh government.
- At present under this *Co-operative Society Ltd.* ASHIKA *Mushroom Seed Production Center* is running well and producing quality products. Besides this, to engage more community peoples & to reduce poverty of the involved communities, **AAFCSL** intends to initiates a more larger scope of socio-economic development through social business in this sector of CHT.
- The social business plan focuses on organic mushroom seeds/spawns & fresh mushroom production which reduces the poverty of the involved communities and reintroduces a very popular & organic medicinal food habit of the CHT residents. **AAFCSL** is committed to brand the products as ***Made in CHT***. Moreover **AAFCSL** wishes to develop a better market linkage of fair price & quality products *among producers & consumers through AFMSPC*.


# The Problem:

\* Existing local production involves the following problems:

- Low quality seed/spawn & fresh mushroom production;
- Inadequate supply and production of seeds & fresh mushroom according to market demands;
- Uses of this seeds/spawns lead to low quality fresh mushroom production and farmers face loss.



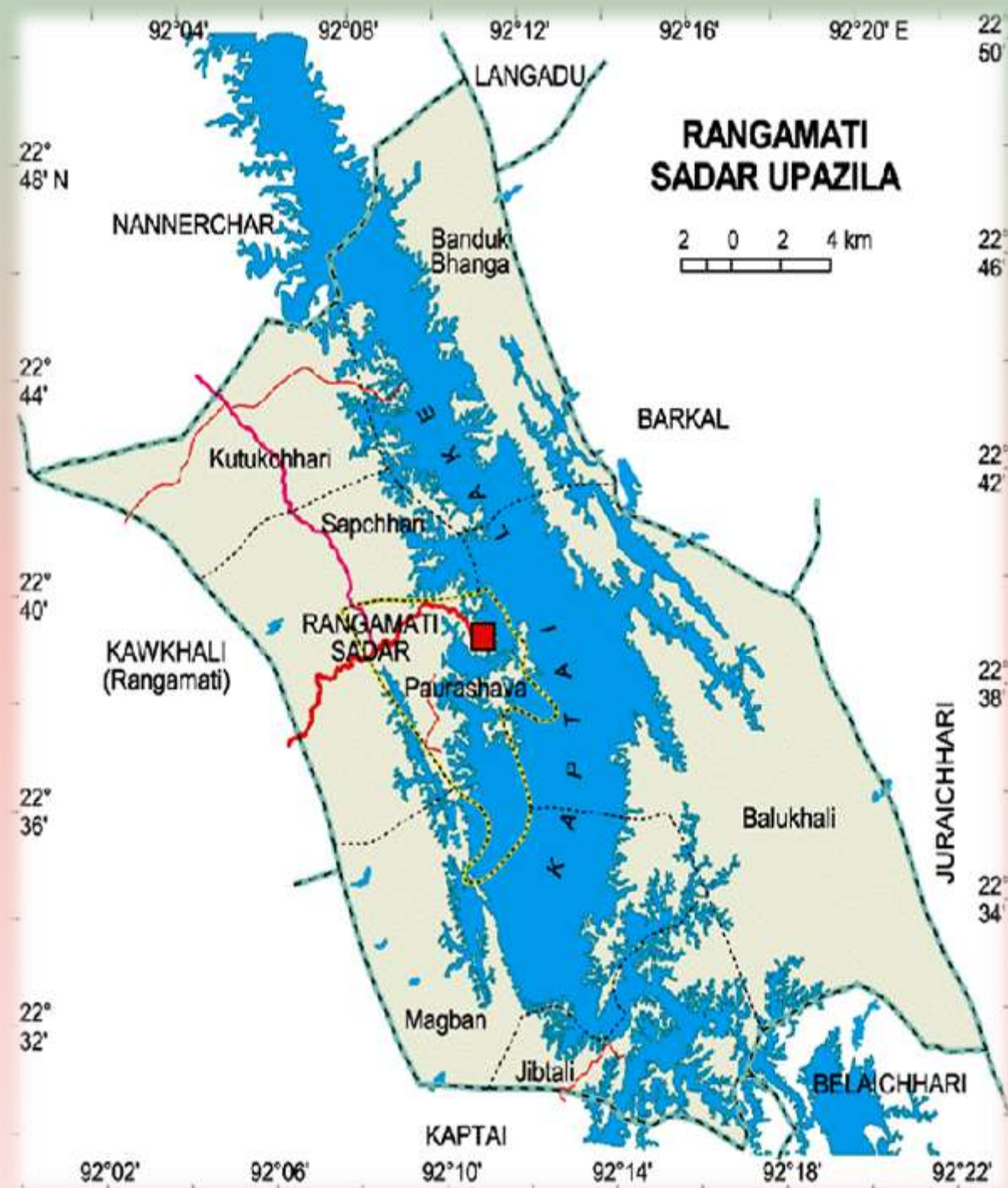
# Solution:

- Proposed seeds/spawns and fresh mushroom production plan ensures best quality production;
  - Adequate production will be able to cater market demand;
  - Good seeds/spawns will produce good quality mushroom as a result market supply will be available and producers will not face loss for unexpected low production or no production.
- 

# Location:



The project will be implemented in Rangamati Sadar upazila of Rangamati Hill District.



# Market Scenario:



Market level	Fresh Mushroom	Mushroom seeds
Production	Low	Low
Processing	Low	Low
Supply	Low	Low
Demand	High	High

## Social Impact:

- Availability of quality seeds will generate IGA among the small scale entrepreneurs and farmers which will strengthen income of the local community.
- Use and demand of mushroom as organic as well as medicinal food will increase (act as a cancer preventive food)
- A well established Mushroom Production Center under **AFMSPC** will ensure large scale employment opportunity



# Budget:

Sl. No.	Particulars	Existing (BDT)	Proposed (BDT)	Total
1	Autoclav Machine	300,000	500,000	800,000
2	Reparing of the existing Autoclav Machine	-	50,000	50,000
3	Inclusion Machine	150,000	500,000	650,000
4	Electric/ Power Supply Connection	70,000	80,000	150,000
5	Machine accessories maintenance cost	-	120,000	120,000
6	Wight Measurement Machine	6,000	10,000	16,000
7	AC-2 ton for Fresh Musroom	80,000	180,000	260,000
8	Generator (10KB)		120,000	120,000
9	Decoration for Fresh Musroom House & Lab	1,000,000	508,000	1,508,000
10	Assets acquisition/Fixture & fitting	350,000	100,000	450,000
11	Raw Meterials	150,000	200,000	350,000
12	Covered Van(TATA)		600,000	600,000
13	Deep well	80,000	-	80,000
14	Tools	50,000	-	50,000
15	Monthly Expenditure	46,000	-	46,000
16	Water Spray Machine	12,000	-	12,000
17	Fuel Consumption	-	96,000	96,000
19	Staffs' salary (3 staffs)		270,000	270,000
20	Administrative cost		310,800	310,800
21	Others	50,000	5,200	55,200
<b>Grand Total</b>		<b>2,344,000</b>	<b>3,650,000</b>	<b>5,994,000</b>

*Annex 1 contains Production Budget*

## Means of Finance:

<b>Particulars</b>	<b>Amount (Tk.)</b>	<b>%</b>
Entrepreneur's Contribution	2,344,000	39%
Investor's Investment	3,650,000	61%
<b>Total</b>	<b>5,994,000</b>	<b>100%</b>

# Income Statement

Particulars	Year 1 (BDT)		Year 2 (BDT)		Year 3 (BDT)		Year 4 (BDT)		Year 5 (BDT)	
	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly
<b>Estimated Income from Product Sales</b>	412,500	4,950,000	453,750	5,445,000	499,125	5,989,500	549,038	6,588,450	603,941	7,247,295
<b>Less: Variable Cost:</b>										
Estimated Variable Cost of Product	82,500	990,000	90,750	1,089,000	99,840	1,198,080	109,830	1,317,960	120,810	1,449,720
<b>Total</b>	<b>82,500</b>	<b>990,000</b>	<b>90,750</b>	<b>1,089,000</b>	<b>99,840</b>	<b>1,198,080</b>	<b>109,830</b>	<b>1,317,960</b>	<b>120,810</b>	<b>1,449,720</b>
<b>Cotribution Margin (CM)</b>	<b>330,000</b>	<b>3,960,000</b>	<b>363,000</b>	<b>4,356,000</b>	<b>399,285</b>	<b>4,791,420</b>	<b>439,208</b>	<b>5,270,490</b>	<b>483,132</b>	<b>5,797,575</b>
<b>Calculation of Fixed Cost:</b>										
Office Rent	7,500	90,000	7,500	90,000	7,500	90,000	7,500	90,000	7,500	90,000
Electricity	20,000	240,000	20,100	241,200	20,200	242,400	20,300	243,600	20,400	244,800
Generator (Fuel)	16,000	192,000	16,200	194,400	16,400	196,800	16,600	199,200	16,800	201,600
Staffs' Salaries	47,000	564,000	48,000	576,000	50,000	600,000	52,000	624,000	54,000	648,000
Depreciation Expenses	1,800	20,000	1,400	20,000	1,200	20,000	1,200	20,000	1,200	20,000
<b>Total Fixed Cost</b>	<b>92,300</b>	<b>1,106,000</b>	<b>93,200</b>	<b>1,121,600</b>	<b>95,300</b>	<b>1,149,200</b>	<b>97,600</b>	<b>1,176,800</b>	<b>99,900</b>	<b>1,204,400</b>
<b>Net Profit</b>	<b>237,700</b>	<b>2,854,000</b>	<b>269,800</b>	<b>3,234,400</b>	<b>303,985</b>	<b>3,642,220</b>	<b>341,608</b>	<b>4,093,690</b>	<b>383,232</b>	<b>4,593,175</b>
<b>Cumulative Net Profit:</b>		<b>2,854,000</b>		<b>6,088,400</b>		<b>9,730,620</b>		<b>13,824,310</b>		<b>18,417,485</b>

# Break Even Analysis:

<u>Particulars</u>		<u>Monthly</u>	<u>Yearly</u>
Contribution Margin Ratio: (CM/Rev)		80%	80%
Break Even Point (BEP):	<u>Fixed Cost</u>	92,300	1,106,000
	C/M Ratio	80%	80%
Break Even Point Sales (BDT)		115,375	1,382,500

# Cash Flow:

<i>Particulars</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>	<i>Year 4 (BDT)</i>	<i>Year 5 (BDT)</i>
<b>Cash Inflow</b>					
New Investment	3,650,000	-	-	-	-
Net Profit	2,854,000	3,234,400	3,642,220	4,093,690	4,593,175
Depreciation	20,000	20,000	20,000	20,000	20,000
Opening Balance of Cash Surplus	-	2,874,000	5,228,400	7,990,620	11,204,310
<b>Total Cash Inflow</b>	<b>6,524,000</b>	<b>6,128,400</b>	<b>8,890,620</b>	<b>12,104,310</b>	<b>15,817,485</b>
<b>Cash Outflow</b>					
Office equipment Purchases	3,142,000	-	-	-	-
Proposed Fixtures and Fittings (Decoration)	508,000	-	-	-	-
Investment Pay Back	-	900,000	900,000	900,000	900,000
<b>Total Cash Outflow</b>	<b>3,650,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>	<b>900,000</b>
<b>Total Cash Surplus</b>	<b>2,874,000</b>	<b>5,228,400</b>	<b>7,990,620</b>	<b>11,204,310</b>	<b>14,917,485</b>

## Pay Back:

Year of Return	Amount (BDT)
First Year	-
Second Year	900,000
Third Year	900,000
Fourth Year	900,000
Fifth Year	900,000
<b>Total</b>	<b>3,600,000</b>

# Value Additions:

- ❖ Improvements in quality of both fresh mushroom & spawn/ seeds production;
  - ❖ Training opportunity for the interested small and marginal mushroom producers;
  - ❖ Promotion, branding product and market development.
- 

# Marketing and Branding:

➤ **General marketing channel will be followed for marketing of the products with some promotional activities aiming at branding of CHT products.**

## Measures:

- **Mushroom seeds/spawns will be delivered to producers and consumers by a covered van from *AFMSPC* ;**
- ***AFMSPC* will sell & supply fresh mushroom to local markets and consumers;**
- **Promotional price and credit offers;**
- **Publicity & campaigns through advertisement.**



# SWOT Analysis:

## Strengths



Practical experiences of the relevant issues, developed infrastructures, ability to utilize potential and skill technical human resources

## Weakness



inadequate funds & power supply, insufficient logistics/materials.

## Opportunities



Scope of large investment and marketing. Available raw materials and natural resources

## Threats



Political instability, natural disaster, risk of assault by fungus in the phase of cultivation, & transportation



**THANK YOU**

# ANNEX: 1

## PRODUCTION BUDGET

Particulars		Year-1 (BDT)			Year-2 (BDT)			Year-3 (BDT)			
Production Description	Unit Cost (BDT)	Total Unit	Total Cost (BDT)	Unit Cost (BDT)	Total Unit	Total Cost (BDT)	Unit Cost (BDT)	Total Unit	Total Cost (BDT)		
Seeds/ Spawn	14	96000	1344000	14	120000	1680000	14	144000	2016000		
Fresh Mushroom	30	3600	108000	30	3720	111600	30	3840	115200		
			<b>1,452,000</b>				<b>1,791,600</b>				<b>2,131,200</b>
Year-4 (BDT)			Year-5 (BDT)			Year in Total					
Unit Cost (BDT)	Total Unit	Total Cost (BDT)	Unit Cost (BDT)	Total Unit	Total Cost (BDT)	Unit Cost (BDT)	Total Unit	Total Cost (BDT)			
14	168000	2352000	14	192000	2688000	14	720,000.00	7,392,000.00			
30	3960	118800	30	4080	122400	30	19,200.00	453,600.00			
<b>2,470,800</b>			<b>2,810,400</b>			<b>7,845,600.00</b>					

# ANNEX: 2

## ASHIKA's Contribution

Invested Amount (BDT)

Sl. No.	Particulars	Unit of Measure	Unit Cost	Total Cost	Remarks
1	Autoclav Machine	2	150,000	300,000	One machine is not ok
2	Inclusion Machine	1	150,000	150,000	
3	Electric/ Power Supply Connection	1	70,000	70,000	
4	Tools	1	50,000	50,000	
5	Wight Measurement Machine	2	3,000	6,000	
6	Water Spray Machine	3	4,000	12,000	
7	Deep well	1	80,000	80,000	
8	AC-2 ton for Fresh Musroom	1	80,000	80,000	
9	Decoration for Fresh Musroom House &Lab	1	1,000,000	1,000,000	
10	Raw Meterials (N/A)	1	150,000	150,000	
11	Assets acquisition	1	350,000	350,000	
12	Monthly Expenditure	1	46,000	46,000	
13	Others	1	50,000	50,000	
<b>Grand Total</b>				<b>2,344,000</b>	

# ANNEX: 2 (Continued)

## ASHIKA's Contribution

### Staffs' Salary:

SI No.	Designation	Position	Qualification	Monthly Salary	Total
1	Lab Technician	1	SSC (Male)	6,500.00	6,500.00
2	Suport Staff (Labor for Fresh Mushroom)	2	N/A	6,000.00	12,000.00
		<b>3</b>		<b>12,500.00</b>	<b>18,500.00</b>

# ANNEX: 2 (Continued)

## ASHIKA's Contribution

### Monthly Expenditure:

Sl No.	Particulars	UoM	Unit Cost	Total Cost
1	Monthly Staff's Salary	1	18,500.00	18,500.00
2	Raw Meterials	1	5,000.00	5,000.00
3	Space Rent	1	6,000.00	6,000.00
4	Electricity Bill	1	8,000.00	8,000.00
5	Mobile	1	300.00	300.00
6	Telephone Bills	1	2,000.00	2,000.00
7	Stationery, Cleaning Items, Servicing etc....	1	1,000.00	1,000.00
8	Office Maintenance Cost	1	3,000.00	3,000.00
9	Others Cost(Fee)	1	2,200.00	2,200.00
10	Vat+Tex (Quarterly, Half Yearly & Yearly)	1		-
			<b>46,000.00</b>	<b>46,000.00</b>