Feasibility Analysis of Organic Mangos Business (Case Study at Castro Thomas Farm Camiling, Tarlac, Philippines Republic)

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Abstract.

Castro Thomas Farm is a farm located in Camiling, Tarlac, Philippines. Castro Thomas Farm has a unique organic mango commodity and can be sold to various groups. When running a business there must be faced many obstacles in Business Feasibility This study aims to determine the feasibility of the business in Castro Thomas Farm in terms of the revenue and income, followed with B/C Ratio analysis. Location of the result? The method of data collection is done by observation, interviews, documentation studies, and questionnaires. Data sources used are primary data and secondary data. Data analysis techniques through qualitative and quantitative approacheswhich qualitative data needed for non-financial aspect, and quantitative data for financial aspect. The result of this research showed that the B/C Ratio of Castro Thomas Farm is below 1, which means the business is not feasible enough yet.

Keywords : business feasibility, organic mango, philippines

1. Introduction

Castro Thomas Farm is a farm that was founded in 2016 by Jhunn Castro. Weather Castro Thomas Farm is suitable for the cultivation of mango, where the plantation is located in the lowlands, and has balanced on wet and dry seasons. The land area of Castro Thomas Farm is 5 ha. Castro Thomas Farm has three varieties of mangoes cultivated, namely *Magnolia*, *Catimol*, and *Carabao*. The size of each mango is very large, which is an indicator of fertility garden for mango cultivation. Each mango has a price, taste, and a different production. All the fruit produced by Castro Thomas Farm is organic. Castro Thomas Farm practice environmentally friendly natural farming with various terms such as "organic" or "alternative" and further evolved into organic agriculture as it is today. The resulting fruit also has an optimal taste, and healthy to eat. The economic prospect of the farm is also quite good with the changing pattern of human consumption where they prefer healthy food even though it was expensive.

In the application of organic farming requires high costs, and more complicated than non organic farming (using chemicals). Castro Thomas Farm as executor of organic farming, still expecting a larger production in order to obtain greater income. Castro Thomas Farm using manpower, capital and means of production as a bait to get the expected production. A farm said successful if the farm can meet the obligation to pay interest on capital, tools used, beyond wages and other

production facilities (Suratiyah, 2015). The earning has a direct relationship with the results of farm production, while production is determined by an individual's expertise in processing that supports.

The use of production factors such as farm land, labor, capital (cost of seed, fertilizer costs and organic medicines), and management. Castro Thomas Farm must maintain his farm in order to become an efficient farming and able to be thrive better. The purpose of this study was to analyze the financial feasibility of Castro Thomas Farm business especially mango based on the investment criteria namely NPV, Net B / C, and payback period. Financial analysis is useful to provide t h e information whether the business is financially feasible or notfeasible .

2. Methods

There are two types of data source namely Primary Data and secondary data. Primary data according to Umar (2004) is the data obtained from the first source either from individuals or individuals as a result of interviews or the results of filling the questionnaire is usually done by researchers. The primary data obtained directly to d i r e c t interviews with the owners and employees of Castro Farm.. Secondary data by Umar (2004) is the primary data that has been processed further and presented either by the primary data collectors or by other parties. Secondary data were obtained from the literature, documents, or references related to Castro Thomas Farm. This data consists of the company's history, vision, and mission, organizational structure, production data, sales data of products, the cost of storage and preparation.

To obtain the required data, the authors used Data collection methods observation, interview. and documentation.

This study used two basic analysis, revenue analysis and feasibility analysis. To calculate the income of farming can be done by calculating the difference between revenue (TR) and Total Cost (TC). Farm receipts is the multiplication of the production and the selling price of mangos, while the cost is all cash outlay used for the procurement of factors of production, it can be formulated as follows:

π = TR - TC Information :

π = Revenue

TR   = Total Revenue (Total Revenue)

TC   = Total Cost (Total Cost) Where :

TR = PQ

TC = FC + VC

B / C Ratio

Feasibility is a measure to determine whether a business deserves to be developed. Feasible in the sense that can produce benefits / benefits for farmers. A farm that will be implemented rated to provide benefits or feasible if done feasibility analysis, t he feasibility of the approach can be determined by the R / C. R / C stands for Revenue Cost Ratio, known as a comparison (ratio) between the total cost (TR) and total revenue (TC), using the formula:

B / C = TR / TC

Information :

B / C = A comparison between the total revenue with total cost

TR = Total Revenue (total revenue)

TC = Total Cost (total cost)

If the B / C = 1, it means that farming no profit and no loss or break even, then when

B / C <1, indicating that the business is not viable, and if B / C >1, then the farm is worth the effort (Soekartawi, 2002)

3. Result & Discussion

After the conducted research we gain an information that we need for the research. we gain Castro Thomas Farm financial investment per 3 years and the revenue:

Year I

No	Cost	Total
1	Total Operational Cost	Rp. 614.800.000,-
2	Field Tax Cost	Rp. 2.000.000,-
3	Total Variabel Cost	Rp. 56.676.000,-
4	Total Cost in 1st Year	Rp. 673.476.000,-
5	Total Cost in 1st Year/10 Ha	Rp. 6.734.476.000,-

Year II

No	Cost	Total
1	Total Operational Cost	Rp. 51.570.000,-
2	Field Tax Cost	Rp. 2.000.000,-
3	Total Variabel Cost	Rp. 57.976.000,-
4	Total Cost in 2nd Year	Rp. 111.546.000,-
5	Total Cost in 2nd Year/10 Ha	Rp. 1.115.460.000,-

Year III

No	Cost	Total
1	Total Operational Cost	Rp. 4.773.600,-
2	Field Tax Cost	Rp. 2.000.000,-
3	Total Variabel Cost	Rp. 57.976.000,-
4	Total Cost in 3td Year	Rp. 64.749.600,-
5	Total Cost in 3td Year/10 Ha	Rp. 647.496.000,-

Year	Cost
1 (Investment)	Rp. 6.734.760.000,-
2	Rp. 1.115.460.000,-
3	Rp. 647.496.000,-

The total cost for 3 years is Rp 8.497.716.000,- The Revenue of Castro Thomas Farm:

Year	Revenue
1	Rp. 611.700.000,-
2	Rp. 727.500.000,-
3	Rp. 1.090.500.000,-

3.1. Incremental B/C

The Incremental B/C can be formulated :

π = TR - TC Information :

π = Revenue

TR = Total Revenue (Total Revenue) TC = Total Cost (Total Cost)

From the discussion, we get the result of incremental B/C for each years. The B/C for the 1st Year is, - 6.123.060.000. And the B/C 2nd year is - 387.960.000. And finally for 3rd year is 443.004.000. And the Incremental B/C for overall 3 years is -

6.431.016.000.

3.2. B/C Ratio

To find the B/C Ratio can use formula : B / C = TR / TC

Information :

B / C = A comparison between the total revenue with total cost

TR = Total Revenue (total revenue) TC = Total Cost (total cost)

From the discussion, we get the result of B/C Ratio for each years. The B/C Ratio for the 1st Year is, - 0,9091. And the B/C Ratio of 2nd year is - 0,347. And finally the B/C Ratio for 3rd year is 0,684. And th B/C Ratio for overall 3 years is - 0,756.

4. Conclusion

From the result, the B/C Ratio of this business is below 1 (-0,756). Which means, that the business of Castro Thomas Farm is not feasible. But we still conducted some research for the future time, so which means there's a chance in a few years Castro Thomas Farm is feasible enough.

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