

Palm Kernel Oil Production in Nigeria The Feasibility Report.

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Abstracts

Extensive market research has revealed that palm kernel oil {PKO} is an everyday goods used by Industries, where they are mostly used in the production of soap and other food products. Thus, the market is ongoing and is not dependent on economic cycles and can be described as a FMCG (fast-moving consumer goods) commodity market.

This business plan is to examine the financial viability or otherwise of establishing palm kernel oil {PKO} production plant in Nigeria sourcing for palm kernel nuts and processing same to yield palm kernel oil and cake, as product used in the production of animal feeds.

The raw material for this project is palm kernel nuts (PKN). Palm Kernel trees which bear the nuts are indigenous to the Southern part of Nigeria. They are particularly the main stay of the economy of the people of the old Eastern Nigeria, Benue and Kogi States. Palm Kernel nuts are oil bearing seeds. They contain between 40% and 48% of oil, 55% and 47% of cake and 5% of sludge and debris. There are different species of palm kernel nuts. Some yield more oil than the others.

The percentage of oil in any specie depends on the locality in which the tree comes from. Example, Palm Kernel nuts from Okigwe in Imo State will not yield the same amount of oil as palm kernel nuts from Abakaliki in Ebonyi State. So also nuts from Nkanu are different from nuts from Nsukka all in Enugu state.

They are plentiful in the various localities from where they are transported to the factories by suppliers who take a margin for their efforts. A good buyer can enlist these suppliers for constant supply of palm kernel nuts all year round.

There are factors, which affect the supply of Palm Kernel nuts in the market.

These factors include

1. Climatic Condition: The fruiting of Palm Kernel maybe favorable or unfavourable depending on the climatic condition during the fruiting period. This may translate into more nuts and more supply of nuts in the markets or vice-versa.
2. Festivities: During festivities such as Christmas, New Year, Easter etc. Villagers tend to bring out more Palm Kernel nuts to the market in order to sell and raise money for their festive celebrations.
3. School Holidays: During holidays school pupils from the villages engage in more picking and cracking Palm Kernel nuts in order to raise money for their school fees and to help their parents take care of the family financial need. The supply of raw materials generally is cast into four broad periods of the year.

Period A: This period begins in January and last up till the end of March. During this period activity is rather stepped down in the industry. Kernel suppliers feel reluctant to supply. Palm Kernel Oil prices do not move upwards rapidly. Profit margin tends to be very slim during this period.

Period B: this period starts from April down to July. This is a period characterized by the lowest price of Palm Kernel nuts in the year. The mills are at advantages for they could stock both Palm Kernel nuts and Palm Kernel oil in order to maximize profit in the next period.

Period C: This period may begin from August or September up to November and December. Price of Kernel and Oil move upwards rapidly during this period. Any Kernel bought and crushed during this period is sure to yield huge profits. Both the price of Oil and Palm Kernel cake move rapidly upwards during this period.

Period D: this period between December and January is a risky period. Prices of Palm Kernel are normally high but Palm Kernel Oil (PKO) buyers do not demand oil as much. Sharp and sudden fall in Oil Price is more prevalent during this period. Mills should be very careful in order to avoid sudden fall in price and consequent losses.

The availability of Palm Kernel nuts all year round is guaranteed and plentiful. It only takes an experienced purchasing officer to grade and price them accordingly.

Palm Kernel Oil is the main output of any Palm Kernel oil expelling factory. The palm kernel cake (PKC) is a major by-product and Palm kernel sludge (PKSL) is a minor-by-product.

Palm Kernel Oil (PKO) is the major raw material for the production of edible vegetable oil. Ninety percent of what is called groundnut oil in our market today is in fact vegetable oil made from palm kernel oil (PKO).

Original groundnut oil which is three times more costly than refined vegetable oil made from palm kernel oil cannot be afforded by ninety percent of Nigerian housewives. Again PKO is a major raw material for soap making companies.

It is also used by the food and confectionery industry.

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