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How much do I earn from producing lakatan?

The main source of income from this venture is the sale of fresh fruits.

Business	Market	Investment	Profitability Indicators
Sale of fresh fruit	Wholesalers and retailers	Establishment cost per hectare P442,195.00	NPV P359,142.88 Payback – 4 yrs IRR – 0.31
		Establishment cost per ¼ hectare P122, 282.50	NPV – P55,495.61 Payback – 5 yrs IRR – 0.24

Note: Figures used in this material are based on 2006 data.

Before investing on the enterprise, we advise that you visit an actual farm near you.

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What do I need to prepare to go into lakatan production?

- **Area.** The soil should be deep, loose, and fertile. Water should drain from the soil easily. For best growth, lakatan has to be planted in areas with slightly acidic to neutral soil (pH 5.0–7.0), with temperature of 25°–30°C and with average rainfall of 100–150 mm/month.
- **Planting materials.** You can choose from any of the following:
 - a. **Suckers** - These are vertical shoots arising from the mother plants. Ideally, the suckers should be 100–150 cm in height and taken from disease-free and vigorous mother plants.
 - b. **Corms** - These are the underground stems of the banana that look like very large tubers. Choose corms that are about 10–15 cm (about 1/2 kg) from disease-free mother plants.
 - c. **Tissue-cultured planting materials** - These can be obtained from recognized and reputable nurseries and are ready to be planted when they reach the five-leaf stage.
- **Farm facilities, equipment, and basic supplies.** A lakatan farm should have a packing shed, a washing/delatexing tank and irrigation facilities. Bamboos are needed as support materials to the banana plants. Other basic tools and equipment include weighing scale, sprayers, bolos, knives, and ladder. Farm supplies consist of organic and inorganic fertilizers, pesticides, and packaging materials.
- **Integrated lakatan production technologies** - Learn the recommended cultural and other practices that are needed to produce lakatan successfully. These recommended practices together are called a package of technologies or POT. The POT for lakatan includes specific recommendations for all stages of production up to marketing.
- **Marketing arrangements.** Work out marketing arrangements before harvesting. Check established banana wholesalers and retailers in your area.

Why invest in lakatan production?

Banana is the most economically important fruit crop in the Philippines and the only locally grown fruit available year-round. Bananas are grown in diverse environments in the country, from the lowlands, flat and sloping uplands to the marginal hillylands. Latundan, lakatan and saba are mostly grown in the backyard or as a component in an intercropping scheme with minimum care and management.

Fresh lakatan is very popular in the market. However, supply does not always meet this high demand especially in Luzon. Lakatan, sold in Luzon, sometimes comes from Mindanao. These bananas are more expensive because of their better quality and additional transport costs. Hence, lakatan produced in Luzon provinces can be very competitive, with market opportunities available in the growers' own public markets and in the huge Metro Manila markets. Fruits can be harvested 8–12 months after planting. Suckers are allowed to grow for the next fruiting cycle and repeated for another cycle as long as plants are healthy.

Summary of investment requirements and profitability indicators

Assumptions:

	0.25 ha	1 ha
Investment Cost	122,282.50	442,195.00
30% equity	36,684.75	132,658.50
70% loan	85,597.75	309,536.50
- payable in 5 yrs, 1 yr grace period		
Interest rate/year	0.15	0.15
Production assumption		
Production(kg)/ha per year	9,360.00	37,440.00
Losses	0.05	0.05
Net production/ha per year	8,892.00	35,568.00
Price/kg	22.00	22.00
Economy-related assumptions		
Increase in price of banana/year	0.05	0.05
Increase in cost /year	0.05	0.05
Financial assumptions		
NPV discounting rate	0.15	0.15
Land rental as percentage of gross sales	0.30	0.30

Profitability Analysis

Year	Net Profit (before tax)	
	0.25 ha	1 ha
1	9,060.19	64,437.45
2	24,168.04	121,329.05
3	26,911.54	132,812.48
4	15,162.82	91,639.90
5	32,652.04	157,499.03
6	33,046.57	167,808.70
7	45,135.45	212,485.84
8	65,381.42	288,726.03
9	69,057.96	304,114.92
10	53,492.24	248,939.73