

Profit from producing essential oils

If you are looking for an extra income stream, the essential oil business is a viable investment venture. **Dorothy Nakaweesi** writes about what it takes to start this enterprise.

If you're toying with the idea of making an extra coin, the essential oil business can be worth your investment.

This is largely hinged on the fact that these oils are multi-purpose in addition to creating healthier products compared to some on the market.

A study shows that the global essential oil market size is estimated to reach \$13.94 billion (Shs50.4 trillion) by the year 2024.

The study by Grand View Research, Inc. shows that the increasing awareness and willingness to buy organic and natural products is expected to force market participants to employ essential oils in the production process.

This shift of focus from synthetic to natural products is likely to trigger market growth in the near future.

Increasing demand for flavours and fragrances from various applications including personal care, home care, food and beverages, aromatherapy among others, has prompted the essential oils demand.

"This is because these essential oils are used as key ingredients in fragrances and flavours," the report notes.

In the personal care industry, for instance, skin care products with essential oils fly off the shelves of beauty retailers.

Uganda is among those countries which are blessed with plants and grasses such as neem tree, eucalyptus, cinnamon ginger, lemons neto among others from which essential oils can be extracted.

According to Uganda Investment Authority (UIA), this is one investment idea Ugandans can take advantage of if they want not only to get rich but also create jobs.

"Essential oil is highly volatile and is essentially carried away by steam without undergoing decomposition. Essential oils are produced for use in medicine and perfume manufacture, and for other industrial purposes," UIA shares.

Ms Hope Kayeny, founder of FroTextured, a Ugandan involved in the production of natural beauty oils for hair and body all produced from essential oils. She admits that the business

she has been doing for more than a year is very lucrative because of the increasing demand from people who appreciate and want to use natural oils.

"The reason why I chose this business is because I wanted to live natural and healthier. Some of the herbs and oils I use are from my backyard like lemon grass and roses," she says.

Capital investment

For you to invest in this business, experts say neem is perhaps the most important essential oil of the commercially available products for organic farming and medicines.

This business idea aims at producing 200 litres of neem oil per day. This will translate into 62,400 litres annually.

Expert say to pull off with this kind of production, total capital investment required is about \$6,928 (Shs24 million).

With this production, every month you can earn about Shs154 million monthly revenue, an equivalent of \$561,600 (Shs2 billion) in annual revenue.

Shs24m

CAPITAL INVESTMENT REQUIRED TO START AN ESSENTIAL OIL BUSINESS ON A LARGE SCALE IN UGANDA

The project is also estimated to yield a net profit of 10 per cent plant capacity.

The plant has a minimum capacity of 200 litres of oil per day.

However, this kind of business can be done using a small budget.

According to Ms Kanyeny she started with capital investment of Shs400,000. In the first month, this had tripled because of the growing demand.

Production

So, how are essential oils produced? To start, leaves are stacked in the extractor and the boiler pressure and distilling may vary from three hours to 18 hours depending on the species being distilled.

The leaves are subjected to steam and oil is extracted as it goes up in the steam.

Then, water is separated through fractional distillation. If eucalyptus leaves are used, About 80 kilogrammes of oil would be generated from one hectare alone.

The oil yield may vary from plant to plant or from ingre-



Some organic hair and skin care products made in Uganda on display. This shift of focus from synthetic to natural products is likely to trigger market growth in the near future. PHOTO BY RACHEL MABALA

dients used such as lemons.

Neem oil is a vegetable oil pressed from fruits and seeds of neem, an evergreen tree which is endemic to the Indian subcontinent and has been introduced to many other areas in the tropics.

The oil can be obtained through pressing (crushing) the seed kernel through cold pressing. It can also be obtained by solvent extraction of Neem seed, fruit, oil cake or kernel.

Markets

Essential oil is a vital item in pharmaceutical and perfume manufacture as well as other industrial uses.

The industrial development in the country is a healthy atmosphere for this project

as it guarantees the market.

Externally, there is great potential for exports to the highly industrialised world with global market demand growing by the day.

Experts say neem has become the favourite of business firms abroad as they are now buying tonnes of seeds to produce neem-based bio-pesticides.

With the medicinal value attached to neem trees, neem oil can be used in different cosmetics industries.

Incentives

According to UIA, there are no taxes imposed on exports and any VAT input is claimed and reimbursed by the tax body as a way of encouraging and facilitating exporters.

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