

## **A STUDY ON MOTIVATING FACTORS TO ENTER INTO POULTRY FARMING WITH SPECIAL REFERENCE TO SUGUNA BROILER CONTRACT FARMS IN COIMBATORE DISTRICT**

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### **ABSTRACT**

Traditionally, an agrarian economy, India suffered hugely due to the ruling of foreign countries, who destroyed the very fabric of this great nation. Also, the truant monsoon did not help the matter and Indian farmers suffered heavily due to either more rain or no rain and were always in the clutches of moneylenders in Indian villages. In the event of rain failure or un-remunerative prices for agricultural produce, farmers had very little to do except borrow heavily, pledging their even marginal lands, thus remaining bonded labourers throughout their life time. Thus, the alternate livelihood, lesser dependence on monsoon, healthy and continuous working conditions made the Indian Poultry Industry a big success story. From a backyard venture, it has made a quantum leap to emerge as a dynamic industry. Over the last 3 decades, there have been significant developments in the poultry industry with each decade focusing on different sectors. The 70's saw a spurt in egg production ; the 80's an acceleration of broiler production ; the nineties advances in poultry integration, automation and feed production. In the current decade broiler industry is poised to exploit value added products and explore global trade. This research studies explores the various factors which enabled the farmers to enter into poultry farming.

**KEYWORDS :** Indian Farmers, Poultry Farming, Contract Farming, Integrators, Motivational Factors

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### **INTRODUCTION:**

Agriculture is often described as the backbone of the Indian Economy. Its complementarity with other sectors and its ability to trigger growth is due to the following reason

Agriculture contributes a significant share in the generation of the country's National Income, though the share has declined from 55% in the early 1950s to about 25% currently;

More than half of India's workforce is employed in the agriculture sector;

The growth of other sectors in the overall economy depends on the performance of agriculture to a great extent.

Though tremendous progress has been made in the exploitation of the irrigation potential of the country by means of major, minor, small irrigation works, yet 2/3rds of are under cultivation is un-irrigated and there is thus, heavy dependence on the vagaries of nature, ie., monsoon.

Thus,, the overall agricultural growth remained stagnant and slow (below 3%) in the country. Apart from this, agricultural growth has remained confined to a few well – endowed pockets which have created regional disparities.

Thus, the challenges facing the Indian Agriculture can be grouped in 4 categories:

( a ) Growth ; ( b ) Sustainability ; ( c ) Efficiency ; and ( d ) Equity.

Poverty in rural India is caused by low level of assets holding, coupled with low and uncertain returns. Land and livestock like poultry are considered to be the major assets of rural households for livelihood support in general and small and marginal households in particular. As distribution of land holdings in rural India is highly skewed towards medium and large farmers, rearing of livestock like poultry are considered to be the potential options for the poor households to earn their livelihood on sustainable basis.

#### **(A) Poverty Reduction and Poultry Sector :**

Thus, the alternate livelihood, lesser dependence on monsoon, healthy and continuous working conditions made the Indian Poultry Industry a big success story. From a backyard venture, it has made a quantum leap to emerge as a dynamic industry. Over the last 3 decades, there have been significant developments in the poultry industry with each decade focusing on different sectors. The 70's saw a spurt in egg production ; the 80's an acceleration of broiler production ; the nineties advances in poultry integration, automation and feed production. In the current decade broiler industry is poised to exploit value added products and explore global trade.

#### **( B ) Poultry India : World Vs. India :**

The traditional poultry farming view of the domestication of the chicken is stated in Encyclopædia Britannica (2007): "Humans first domesticated chickens of Indian origin for the purpose of cockfighting in Asia, Africa, and Europe. Very little formal attention was given to egg or meat production.

Modern commercial broilers are specially bred for large scale, efficient meat production and although they are the same species, grow much faster than egg laying hens or traditional dual purpose breeds. They are noted for having very fast growth rates, a high feed conversion ratio, and low levels of activity. Broilers often reach a slaughter weight of 1.5 kg. to 2.5 kg. (dressed) in only five weeks.

India is currently ranked as the fifth largest poultry producer in the world, behind the United States, Brazil, the European Union (EU), and China in the year 2012. Of late India is the world's fourth largest egg producer and fifth major producer of broilers .

India produced 3.16 million tons of broiler meat in 2012, up from 1.8 million tons in 2005, 1.65 million tons in 2004 and 1.6 million tons in 2003. According to US Department of Agriculture estimates, India's poultry meat production grew about 6% annually during the 1980's, accelerated to 11% annually in the 1990s and to nearly 19% during 2007 – 2011.

The rearing of poultry also provides an excellent opportunity for underemployed members of the rural families. Poultry of 1000 birds either Layer or Broilers can support at least 15-20 persons

upstream, direct and downstream, beginning from the input end (upstream), to farming (direct) and transport, processing and marketing (downstream)

The growth of the poultry sector in India is also marked by an increase in the size of the poultry farm. In earlier years broiler farms had produced on an average a few hundred birds (200-500 chicks) per cycle of 40 days. Today units produce minimum of 5,000 birds units 5000 to 50,000 birds per cycle are common.

### **STATEMENT OF THE PROBLEM**

While poultry farming does provide alternative livelihood to the small and marginal farmers, they also face various obstacles like lack of institutional credit, shortage of labour force, cost escalation of coal, electricity, high mortality of birds especially in summer, loss owing to bird flu, payment issues with integrators either delayed or FCR related losses. Under this background, the present study has been undertaken in Coimbatore District with the aim of exploring the cost and returns in broiler farms under the given changed condition of contract farming and the problems like above mentioned ones, faced by broiler contract farmers in Coimbatore District.

### **SCOPE OF THE STUDY**

The study would look into the various economic aspects of broiler production. The study covers the broiler production units under Suguna Poultry Limited, which are run on contract basis in Coimbatore District. The survey has been conducted for the period 2006 - 2010 and the interview has been conducted between June, 2011 and May, 2012.

The Coimbatore District has been purposively selected as it alone accounts for more than 30% of total broiler production in India. Coimbatore also reflects the agricultural oriented rural life where people have started taking broiler production on commercial basis to supplement their income.

This study also explores the causes for the farmers to enter into contract farming system and evaluates the performance of vertically integrated broiler contract farming system on farmer's income. The study also helps to identify the problems in poultry farming and provide suggestions to overcome the same and improve their profits.

### **OBJECTIVES OF THE STUDY**

- ✓ To find out the reasons and the motivating factors for the farmers to enter into contract poultry farming.
- ✓ To identify the constraints in broiler farming and suggest remedial measures

### **METHODOLOGY USED**

The following methodology is used in the study

- i) **Study Area** The study area refers to Coimbatore District.

## ii) **Sampling Procedure**

Tamil Nadu comprises of 32 districts. However, in it, Coimbatore has a unique role to play as it is the birth place and protector, promoter and developer of broiler industry, as can be seen by the fact that 30% of Indian Broiler Production is mainly concentrated in Coimbatore District.

Tamil Nadu, Andhra Pradesh, West Bengal, Maharashtra, Karnataka and Punjab are the major broiler producing states of the country. The Coimbatore-Salem belt of Tamil Nadu is in the forefront of broiler production of the country. 75% of the broilers produced and consumed in this region come from integrated farms.

Tamil Nadu is leading the states in broiler production with a record production of 397 thousand tonnes in 2009-10. Tamil Nadu accounts for 17.71 per cent of the poultry population of the country.

Poultry integrators have been expanding most rapidly in southern India, particularly in the Coimbatore district of Tamil Nadu, reportedly has a large integration, which now accounts for about 75% of production and consumption.

The major integrators and contract growers operating in the southern region of the country include Venkesteswara, Suguna, Pioneer, Star chick, Godrej real gold, Godrej agro vet, Santhi, Peninsula, Skylark. Some of these integrators are also selling their processed chicken products in brand names like Venkesteswara with brand name Venky, Godrej-Realgold, Suguna – Suguna Fresh.

Hence the sample contract farmers were selected from Coimbatore District. We have selected the entire 254 farms of Suguna Poultry Farm Limited, operating in Coimbatore District. We have selected farms, by adopting census sampling technique.

The 254 sample contract farms selected for the study was further classified in to small, and large farms based on the number birds reared.

Out of the 249 contract farms, 96 (38.0%) come under the category of small farms (less than 5000 birds), 143 (56.0%) come under medium category (5,000 – 10,000 birds) and 15 (6.0%) belonged to the large farms (more than 10,000 birds) category.

## (iii) **Data Sources**

- a. **Primary Data** : The study has used primary data, which was collected using interview schedule.
- b. **Secondary Data** : The Secondary data was collected from various Poultry Magazines, Journals, Websites, Conference Papers, Indian and Foreign Government Records, Balance Sheets of various Poultry Manufacturers.

## (iv) **Tools used for collection of data**

An interview schedule was constructed for the purpose of collecting data. A pilot study was conducted on 62 contract poultry farmers, based on which the interview schedule was restructured to meet the accuracy and reliability of data.

## v) **Framework of analysis**

Suitable statistical tools have been used to draw inferences using SPSS (21.0 version) for Windows.

The following tools are used in the study

- ✓ HENRY GARRET RANKING ANALYSIS

## **HYPOTHESIS**

Suitable null hypothesis has been framed and applied wherever necessary.

## **LIMITATIONS OF THE STUDY**

The following are the limitations of the study

1. Most contract poultry farmers who were administered detailed interview schedules were found to be keeping improper records of farm management details.
2. The results and findings are based on the opinion of the respondents of Coimbatore District, and it cannot be generalized.

## **REVIEW OF LITERATURE**

M J Bhende, conducted between 2003 and 2004 a study of 60 broiler farms in Bangalore Rural and Shimoga in Karnataka State to assess the profitability of broiler farms, and various constraints faced by these farms and suggest remedies to overcome them.

Mr. Bhende was given the following constraints as major by broiler farmers, whom he interviewed :

- a. Farmers expressed over high inputs prices ;
- b. Most of the farmers complained about spurious feeds ;
- c. Service providers did not deliver inputs in time
- d. Majority of farmers expressed unhappiness about prevailing low prices of birds ‘
- e. They also complained about delayed/late payments by wholesalers and commission agents ;
- f. Majority of farmers expressed their unhappiness about cash crunch without the support of banks ;

Jos Bijman, conducted a study on contract farming in developing countries including India, to find answer for following questions :

- Why do smallholders engage in CF?
- Are smallholders included in or excluded from CF arrangements?
- What impact does CF have on smallholder income and rural development?

The author observed that contractors in India often find it more convenient to contract with smallholders and their associations for several reasons:

- (1) Less effect on overall supply in the event of crop failure of one or few farmers;
- (2) More flexible production portfolio of smallholders, which would help in quickly responding to consumers' changing preferences;
- (3) Smallholders could ensure better quality as they strictly comply with the production practices advised by the firm mainly due to more family labor and lower bargaining power;
- (4) Low marketable surplus of smallholders increase their dependency on the firm for profit maximization

**Findings and Suggestions :**

To analyse the reason for choosing poultry farming by the respondents , the Henry Garrett ranking method has been applied and the results of Garret points and mean is presented below.

**( A ) REASON FOR CHOOSING POULTRY FARMING**

S.No	Reason	Total Score	Average	Rank
1	Additional income	19151	75.39	I
2	Early returns	14120	55.59	III
3	Easy to manage	14361	56.53	II
4	Failure of agriculture	11765	46.31	V
5	Availability of Land and Water	14116	55.57	IV
6	Non – availability of labour for agriculture	8849	34.83	VIII
7	Knowledge of rearing	9737	38.33	VII
8	Availability of techniques and inputs at doorstep	11211	44.13	VI

Source: Primary Data

It could be seen from the above table that ‘Additional Income’ was ranked as the first reason with a score 75.39 Garrett points. ‘Easy to manage’ was ranked as second reason with a score of 56.53 points. ‘Early returns’ was ranked as the third reason with a score of 55.59 points. ‘Availability of Land and Water’ was ranked as the fourth reason with a score of 55.57 points. ‘Failure of agriculture’ was ranked as the fifth reason with a score of 46.31 points. ‘Availability of techniques and inputs at doorstep’ was ranked as the sixth reason with a score of 44.13 points. ‘Knowledge of rearing’ was ranked as the seventh reason with a score of 38.33 points. ‘Non – availability of labour for agriculture’ was ranked as the eighth reason with a score of 34.83 points.

Hence, it is concluded as the main reason for choosing the poultry farming is “Additional Income”.

**( B ) MOTIVATING FACTOR TO ENTER INTO CONTRACT POULTRY FARMING :: HENRY GARRET RANKING ANALYSIS**

The distribution of the different categories of respondents based on the priorities regarding the motivating factor to enter into contract poultry farming are presented in the following table.

In order to understand the various motivating factors, which propelled the farmers to undertake broiler farming, various factors were considered and the Henry Garrett ranking method has been applied and the details of Garret points and mean is presented below.

S.No	Reason	Total Score	Average	Rank
1	Less financial requirements	14784	58.20	IV
2	Inadequate knowledge of poultry farming	10496	41.32	VII
3	Inadequate availability of inputs	8792	34.61	IX
4	Inadequate institutional credit	8988	35.38	VIII
5	No marketing risk	16557	65.18	II
6	Risk reduction	15494	61.00	III
7	Additional income / assured income	19076	75.10	I
8	Domination of integrators	12201	48.03	V
9	No disease problem	11670	45.94	VI

Source: Primary Data

It could be seen from the above table that the motivating factor to enter into contract of poultry farming of the respondents that the ‘Additional income / assured income’ was ranked first with a score 75.10 Garrett points. ‘No marketing risk’ was the second rank with a score of 65.18 points. ‘Risk reduction’ was the third rank with a score of 61.00 points. ‘Less financial requirements’ was the fourth rank with a score of 58.20 points. ‘Domination of integrators’ was the fifth rank with a score of 48.03 points. ‘No disease problem’ was the sixth rank with a score of 45.94 points. ‘Inadequate knowledge of poultry farming’ was the seventh rank with a score of 41.32 points. ‘Inadequate institutional credit’ was the eighth factor with a score of 35.38 points. ‘Inadequate availability of inputs’ was the ninth factor with a score of 34.61 points.

Hence, the obvious reason, additional income / assured income is the major factor for motivating factor to enter into contract poultry farming.

**SUGGESTIONS :**

Like any other developing country, India is witnessing a growing population, urbanization, income growth, growing middle class, awareness about health benefits, which are all fuelling demand for food of animal origin. Like any other developing countries, population, urbanization and income growth in India is also fuelling demand for food of animal origin. These changes in changes in diet, income growth opportunities, particularly of rural populace are triggering as to what is termed as “Livestock Revolution”, and is demand-driven. In India, poultry is one of the fastest growing segments of livestock/agriculture and contributes a major share in terms of protein supplementation, from eggs and poultry meat.

This sector now employs over 3.0 million people. At least 80% of employment in the poultry sector is generated directly by farmers, while 20% is engaged in allied activities like feed production, pharmaceuticals, equipment etc. Additionally there may be a similar number of people engaged in marketing and other channels servicing the poultry sector. It is also estimated that for increase in per capita availability of one egg or 50 gms. of poultry meat, additional 20,000-25,000 job opportunities are created. The value of output at current prices is steadily increasing for eggs and poultry meat during the last few years and during 2010-2011 it was nearly US \$ 9.3 billion. This is equivalent to nearly 10% of the total output from livestock and 2.8% of total agriculture. The value of exports is also increasing slowly with over Rs.372 crores during 2009-10 from a mere Rs. 11 crores, 20 years back. Overall it appears that the poultry sector has tremendous potential for growth and development.

Contract farming of broiler chickens became an alternative source of employment for the farmers in Coimbatore and it gives them additional income. However according to the study, the current growing charges offered by the integrators are not sufficient and some of the farms incurred loss. The poultry farming activity was not remunerative. Integrators should increase the growing charges in order to sustain the interest of the farmers as the survival of hatcheries and feed mills are linked to the farmer's continued interest in poultry farming. There is a need to define the status of poultry as a part of agriculture. Hence, the Government has to declare poultry farming as an agricultural activity and the benefits available to agriculture to be extended to poultry farming also. If all the above suggestions are implemented by the concerned authorities, the broiler farming will move in the right direction and the farmers will get good income. Poultry farming will prove to be an alternative source of income and employment.

### **SCOPE FOR FURTHER RESEARCH**

1. As the demand for poultry products are increasing there is tremendous scope for processed chicken. A study on the acceptability and profitability of broiler processing industry could be carried out.
2. To have a comprehensive knowledge on poultry farming, a comparative study on the cost and returns in broiler and layer farming, a comparative study on integrated farms and individual farms both in broiler and layer farming and a study on cost and returns in Broiler production for the integrators could be undertaken.
3. Layer farming is equally important as that of broiler farming. Hence, a study on poultry farming with special reference to layer farming may be undertaken.
4. India has a tremendous potential to play a major role in the international market. The value of poultry exports from India is increasing that encourages to venture into new markets. Hence, a study on the feasibility of chicken exports in the era of globalization may be carried out.
5. Price is an important factor which decides the profit to the producers and there exists no relationship between the cost of broilers and market price. Hence a study may be undertaken to analyse the pattern of behavior of broiler prices, on existing marketing practices and on the price spread among the different channels in marketing of broiler meat.

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