A Study on Motivating Factors Determining the reasons for entering into Poultry Farming by Farmers 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.

KEY WORDS:
Indian Farmers, Poultry Farming, Contract Farming, Integrators, Motivational Factors

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 motivating factors for the poultry farmers to enter into poultry farming 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 various motivating factors for the contract farmers 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.

Data Sources

- **Primary Data**: The study has used primary data, which was collected using interview schedule.
- **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**

**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**

Shanmugam (1991) conducted a study on production and marketing of broilers in Salem district of Tamil Nadu. He concluded that feed cost accounted for the highest share (52.64%) followed by chicks (24.68%). The labour charges accounted for 2.94 per cent while medicinal and electricity charges accounted for 6.15 per cent and 2.51 per cent. The net returns over total cost were worked out at Rs. 4.50 per bird.

Pruthi S P and Grewal R S (1992) did a survey to identify the problems of broiler farms in Bhiwani district of Haryana State. 50 farms comprising 30 small, 15 medium and 5 large farms were selected for the study. The farmers were attracted towards poultry farming mainly due to early returns and grant of subsidized loans. However, the farmers faced innumerable difficulties in rearing poultry at their backyard. The team identified inadequate training (88%), substandard broiler chicks from suppliers (66%), poor quality feed supply (78%), lack of expert advice (88%), as some of the problems which were affecting the poultry farmers.

Asokan, et. al. (2009) studied the value supply chain in broiler industry and suggested to integrate various activities to create values to both the farmers and integrators. Vertical Integration was a means of coordinating different activities of an industry chain when bilateral trading was not beneficial. However, one activity that was not integrated but carried out through contract arrangement in the broiler industry was growing the chicken. The contract was very explicit with regard to roles and responsibilities of farmers and integrators in the broiler industry. The grower provided the land, erected the shed, invested in equipments, and bore expenses of electricity, water, labour besides repairs and cleaning. The integrator provided day old chick, feed, vitamins, medicines and vaccines which account for nearly 90% of total cost. As birds reached the maturity, they were lifted by the integrator. The farmer was paid according to the weight of bird, based on Feed Conversion Ratio. As the market risk was transferred to the integrator and almost the entire working capital needs were met by the integrator, the activity was ideal for linking the farmers to the market. However, evidences showed that the benefits from these activities were at best equivalent to the wages of the grower and the family.

**Findings and Suggestions**

To analyse the determining factors of income levels of farmers, hypothesis were established and the following are the results through **HENRY GARRET RANKING ANALYSIS**:
In spite of constrains like capital, sudden breaking of disease by farmers, there are major factors which motivate the farmers to enter into contract broiler farming. The following were identified as the motivating factors to enter into contract poultry farming.

- **Less financial requirements** – In all Indian villages, the farmers are always in the clutches of local money lenders, who charge exorbitant rate of interest. Also, they have a hold on the produce of farmers and take away farmers’ produces at very price and sell them in the urban markets at a high price, thus depriving the farmers of the fruits of their labour. In spite of Government’s efforts, in setting up commercial banks in rural and semi-rural areas, the farmers always face capital constraints. This is the same story even for poultry farmers, who do not have initial capital to put up the shed, dug bore wells, buy chicks, feed, medicine and employ outside labour. Added to that if they face any failure in one batch, they do not have sufficient working capital for the next batch. This made them to enter contract farming where the inputs are provided by the integrator and where the financial requirements are less compared to own farming.

- **Inadequate knowledge of poultry farming** – Poultry farming requires technical knowledge. There is no proper training for the farmers. They also face difficulty in obtaining information on market opportunities or new modern technologies, purchasing quality inputs and accessing product markets. As they lack to acquire the technical know-how farmers decide to enter contract farming.

- **Inadequate availability of inputs** – For the independent farmers, to procure feed, medicine, vitamins, are very expensive, since their requirements are very small. However, the integrators in the market purchases the inputs like vaccines and medicines in bulk and cheaper rate. For the day old chicks they have their own parent birds and hatcheries. They have their own feed mills for their feed requirements. In contract farming, inputs are provided by the integrators and hence farmers need not worry about their availability or the costs, which are taken care of by the integrators.

- **Inadequate institutional credit** – As already mentioned, the farmers have very little access to organized commercial banking for their requirements of capital and always have inadequate capital to run their farms. They have to borrow funds from outside. They borrow at a high cost from local money lenders or mortgage their land, family jewels to run their farms. Farmers often have trouble in accessing credit from financial institutions.

- **No marketing risk** – The traditional farmers always had lack of access to markets, or understand the market dynamics, their pricing structure. They also have absolutely no storage facility to keep birds to sell them when the market price moves up. Farmers faced the problem of selling at a lower price or not able to sell in time. They are also exploited by the middlemen who reap most of the profit. They also do not have proper transport facilities to take the birds to the nearby markets. In contract farming, farmers do not face marketing risk as integrators take the birds and bear the marketing costs and sell the birds in the market at their convenience.

  - **Risk reduction** – risk is an important feature of poultry farming. There are two types of risk – production risk and price risk. Under integration, farmers are largely insulated from the volatility in producer prices in the regional live-bird markets. Their payment depends upon production outcomes but not based on market price. So growers do not bear price risk. Production risk mainly happened due to death loss of birds. Contract farmers are freed from disease because the integrator provides improved technology and technical assistance.

  - **Additional income / assured income** – contract farming ensures assured additional income to the broiler rearing farmers. Whatever be the market price they are paid the growing charges based on the body weight and feed conversion ratio. They are insulated against the vagaries of the market and assured of a steady income.

  - **Domination of integrators** – In Contract Broiler Farming, farmers only provide land and water and rest are taken care by the integrator. Thus, the domination of integrator is absolute and the farmers do not mind it, as they earn income without any large scale investment and marketing risks.

  - **No disease problem** – The mortality of birds is the main concern of the integrator, as he provides good chicks and farmer need not worry about any disease. The integrator ensures that the farmer is...
given good feed, medicine. Also their doctors visit farms regularly to check the quality, growth and mortality of chicks. 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.

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

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.

<table>
<thead>
<tr>
<th>SL. NO</th>
<th>REASON</th>
<th>TOTAL SCORE</th>
<th>AVERAGE</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Less financial requirements</td>
<td>14784</td>
<td>58.2</td>
<td>IV</td>
</tr>
<tr>
<td>2</td>
<td>Inadequate knowledge of poultry farming</td>
<td>10496</td>
<td>4.32</td>
<td>VII</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate availability of inputs</td>
<td>8792</td>
<td>34.61</td>
<td>IX</td>
</tr>
<tr>
<td>4</td>
<td>Inadequate institutional credit</td>
<td>8988</td>
<td>35.38</td>
<td>VIII</td>
</tr>
<tr>
<td>5</td>
<td>No marketing risk</td>
<td>16557</td>
<td>65.18</td>
<td>II</td>
</tr>
<tr>
<td>6</td>
<td>Risk reduction</td>
<td>15494</td>
<td>61.00</td>
<td>III</td>
</tr>
<tr>
<td>7</td>
<td>Additional income / assured income</td>
<td>19076</td>
<td>75.10</td>
<td>I</td>
</tr>
<tr>
<td>8</td>
<td>Additional income / assured income</td>
<td>12201</td>
<td>48.03</td>
<td>V</td>
</tr>
<tr>
<td>9</td>
<td>No disease problem</td>
<td>11670</td>
<td>45.94</td>
<td>VI</td>
</tr>
</tbody>
</table>

Source: Primary Data

**Significance of Findings:**

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 are the major factors for motivating to enter into contract poultry farming.

**CONCLUSION DRAWN:**

Majority of the respondents were in the age group of 31 – 40 years having educational qualification up to SSLC. Majority of the respondents are male with a holding of less than 5 acres of land with them. They have sheds which are of thatched. All these go to show that farmers are very small and marginal. Majority of the respondents have given “additional income” as the topmost reason for choosing poultry farming as an occupation and “less financial requirements and no marketing risk” as the factors responsible for entering into contract farming, which are very obvious due to the failure of agriculture in India.

**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 food 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 20,00-25,000 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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