Emu’prenuership - Emu Farming in India

Dr. M. Krishnakumar
Associate Professor, Department of Fashion Management Studies, National Institute of Fashion Technology, Dharmasala, Mangaattuparamba, Kannur – 670 562, Kerala.

Abstract
This case study addresses the issues that arose in the Emu farming chain which mushroomed during 2010 – 2012 in Tamil Nadu, India.
Keywords: Emu bird, emu farming, Ponzi scheme

An angry crowd includes hundreds of people, most of them were farmers, surrounded the headquarters of the deputy superintendent of police (DSP) of Perundurai, a small town, in Erode district of Tamil Nadu, India demanding immediate redress and wanted to file a complaint against a person in whose business they invested their money. The business they have invested is emu contract farming and the amount invested by each of the investors ranging between Rs. 50,000 to several lakhs, the companies that were involved in the scam, namely Susee, Suvi, Queen, Nidhi, N.S.Agro, Baby, TVS Emu and Alamu. The most of the investors were farmers because as the scope of agriculture in those regions is worsened due to land pollution, real estate business, industrialisation etc., they wanted to earn their income through alternative source and the others who were not farmers invested in the prospectus of getting rich quick. Emu contract farming – raise emu birds and sell their eggs back to the promoter and in return receive monthly income. Modus operandi of emu schemes in Tamil Nadu is that pay Rs. 1 lakh for five breeding pairs in the beginning and get Rs.10000, as maintenance cost on monthly basis. More than 15,000 investors complained against the emu firms in Tamil Nadu and were hoping to get back at least a portion of their investment. The Economic Offence Wing in Erode has received 9400 complaints.

Back Ground
M.S.Guru a graduate from a middle class family belong to Perundurai town a small town in Erode district of Tamil Nadu wanted to start his own enterprise in 2006. He wanted to become a successful and rich entrepreneur in the short period of time. He came with an innovative idea of applying Ponzi scheme in breeding live stocks. A Ponzi scheme is a scheme which promises investors big returns based on a constant flow of new investors. It is a concept of multi-level marketing which is adapted by several multi-national companies like Amway, Tupperware. This scheme was named after American conman Charles Ponzi. Several examples of Ponzi scheme are contract computer typing for e-books, donations for blind, products, insurance policies etc.
M.S.Guru, through some of his friends got to know about the Emu bird farming and he was informed that its meat, skin and fat would have a very good market and would fetch good demand and returns in the near future. On realizing this, he came up with the idea of implementing the Ponzi scheme in Emu farming. In 2006 he founded Susi Emu farms at Perundurai. He came up with a scheme of getting deposit of Rs. 1.5 lakhs for rearing emus and promised a return of at least Rs. 1.44 lakh within two years. The company also returned the deposit at the end of two years. Like any typical Ponzi scheme, the company paid the early investors promptly so that others would grab the bait. When the news spread through word-of-mouth and new investors rushed in. To build trust among the investors and people, the company opened chain of restaurants, invited celebrities and ministers to open them. They also made commercial video advertisements which casted famous celebrities as ambassadors. With the huge success of Susi Emu Farm, more than 100 companies came up at Perundurai in Erode and neighbouring places like Tirupur, Coimbatore, Namakkal and Salem districts of Tamil Nadu. Some companies went on to offer Rs.2.40 lakh for a deposit of Rs. 1.5 lakh and a few even offered additionally gold coins, cars, lands as bumper prizes for the investors. Some even adopted the same
business model for poultry farming. After few years, the company stopped paying back the old investors as they were concentrating on the new investors. Investors realised that emu farming was a scam only when payments from Susi Emu Farms dried up. Then it is collapsed like a house of cards as in any classic pyramid scheme and all the companies that adopted the model of Susi Emu Farms shut shop, leaving hundreds of investors in financial ruin and abandoning more than 12,000 emu birds. The official estimation of the scam was Rs. 150 crore but the industry estimates claim the scam was above Rs. 500 crore.

Emu bird
Emu bird is a flightless bird, cousin of ostrich, from Australia. It is a herbivorous bird. Emus are native to Australia and the Indian emu’s parentage can be traced to Texas, US where they were raised as pets. They were brought to India in the early 1990’s. It can be slaughtered and eaten. It was said that its skin, meat, featherers, and even nails had a huge market. It has been said that the emu oil or fat can be sold to pharma companies and soap factories because of its permeability and moisturising properties. Research is being conducted to ascertain the benefits of emu oil at the Indiana University School of Medicine in the US. A bird lays 25-30 eggs between October and March.

Emunomics
It is estimated that a breeding pair aged 3 years costs Rs. 20,000. On an average, large farming units have 1000 birds and small farms have 10 birds. One egg is sold at Rs.180 and Emu meat costs around Rs.400/kg. Emu fat oil costs Rs. 2500/kg. The feeding alone costs between Rs.25 and Rs.30 per bird per day. Another Rs.100 per day is needed to hire a person to look after the birds.

Emu’preneurs
P.Sathish who deposited Rs. 3 lakh said that they never heard about Emus until they saw advertisements about contract farming and the promise of huge profits. They believed that the business was viable because they were told that an emu fetched Rs. 20,000 and its eggs Rs. 1200 a piece, so they invested but got cheated.
Not only the Tamil Nadu state many investors invested in this scheme but also many people in several states like Punjab, Haryana, Rajasthan, Andhra Pradesh have invested in this scheme. Andhra Pradesh has close to 2500 emu farmers, the largest in any state in India. While there are no official estimates for the number of emu farmers in the country, they are expected to be between 5,000 and 8,000.
Mandeep Singh along with his partner started Shubham Emu Farm in Haryana’s Sonepet district in 2011 with an investment of nearly 30 lakhs. They reported that they had recovered a part of the money that they initially invested but the problem was that with new farms reaching saturation point, there was no end market for the emus and no new customers. The ‘end market’ is refered to market for Emu meat which initially estimated was huge but in India, people are used to chicken no one wanted emu meat.
Vinod Chaudry, who runs an emu farm in Rajasthan reported that there were no volumes in bird culling and whatever eggs they had sold had been to new farms. But with farmers realising that there was not much of a market for emus, there had been a fall in the price of eggs as well. The eggs that were sold at Rs.8000 a pair in 2011, were sold at Rs.500 in year end 2012.
Raghavan from Erode, invested Rs 3 lakh in five matting pairs and hired a couple of men to manage the 2500 sq.ft. shed that houses them. The emu farmer offered him Rs 15,000 per month as maintenance charges and also gave me the feed for the birds with the promise of buying the eggs in the breeding seasons. But within six months, the money stopped coming, and the birds began laying eggs. Soon he had a 100 eggs and they began to hatch. Now he has 80 chicks that are already 3 feet tall and are a drain on his pocket. The farmer, who enticed him with a promise of buying back the chicks and the eggs, has disappeared.
Hope

The only assumption of a derivative reward was that someday these birds could be culled for their meat, with the skin being used as leather and the fat sold to pharma companies.

There are few farmers like V. Rangasamy, the pioneer of emu farming in Tamil Nadu, managed to create an eco-system of contract farming by asking local farmers to buy two or three mating pairs from him and then sell back the eggs to him. Rangasamy culled the birds and sold the meat to local restaurants as exotic meat. To promote its consumption, he highlighted the zero-fat in the meat in hotels. He managed to sell emu fat to an exporter for Rs.2500 per kg, and also made money by selling the birds in Andhra Pradesh, where there was vibrant market for emus before the scam. Now he has 200 birds, and he has been readying a plan to set up a food processing plant and hoping that he could make it work.

V.Masila Mani, a 25 years old textile businessman who also runs a 2000 bird emu farm named MMT Emu Farms spread across 60 acres in Karur district, Tamil Nadu. He said that for emu farming to be commercially viable someone must set up the infrastructure for collecting the birds, regulating the market and providing the farmers with food industry linkage. Their biggest market is Andhra Pradesh and the bird’s by-products do have a business proposition there but they need time for the business to scale up.

The emu farmers in Andhra Pradesh are optimistic that people were needed to be educated about the benefits of emu farming and the scam in Tamil Nadu is unfortunate. In Andhra Pradesh there are plans to set up at least three processing plants. One such plan from AP Emu Processors, involves setting up a plant in Vijayawada with an investment of Rs.10 crore. The plant would extract oil from 100 culled birds a day, to be sold in the US. One of the officials of Emu Farmers Welfare Association (EFWA) said that in Hyderabad itself at least 25 culling units have been set up and each one of these units is at present culling about 15 birds daily and there is a retail market for the emu meat. Some farmers too are making attempts to create a market for emu meat in local villages and towns.

At Darsi, in Prakasam district of Andhra Pradesh, a Reddy brothers own Balaji Farms which houses over 300 emus. They have brought 2000 small farmers together to promote emu farming in that region and insisted that emus were low maintenance, resistant to disease and offer a definite alternative to farmers. They have asked the Emu farmers to hold a meat ‘mela’, where they would cul one bird a week to promote consumption within the village or town.

Legal Action

The Economic Offences Wing in Erode has registered 22 cases against the companies including M.S. Guru of Susi Emu Farms. The cases were now being heard by a special court in Coimbatore. The government have had these farms confiscated by the Tamil Nadu government and the government plans to sell the assets of these companies and pay back investors.

Implications

It is estimated that there are close to 2 million emus in India and their ecological impact is yet to be measured. As there is no clear market identified for emu meat, eggs and oil in the world, there is enough doubt that whether the business could be commercialised no matter whatever remedy action being taken. Ancillary industries did not exist and no one thought they were needed in the short run. This resulted in fly-by-night companies making a quick buck and disappearing, leaving behind angry farmers, and thousands of flightless birds.

Newer markets are opening up in Uttarakhand, Uttar Pradesh, and Himachal Pradesh. The smarter of the lot who are in the process of shuttering their farms are selling their birds to unsuspecting farmers in these states for 35,000 – 40,000 a pair. Nobody knows how long it will take for the new lot of farmers to realise that they have been exploited. They continue to buy mating pairs and raise chicks in the hope that they will sell the meat to restaurants and the oil to pharmaceutical companies. Those who still have the birds are releasing them in to the wild as it is expensive to maintain them. The prices of the Emu birds were also went down from Rs 35,000 – 50,000 a pair in 2010-11 to Rs. 5,500 – 15,000 a pair in 2013.
Mrs. Menaka Gandhi, Member of Parliament and environmentalist said that even in Australia emu farming was not successful and in India definitely it would not work and the farmers would lose all their money. She added that instead of culling the emus, the animal lovers and people with large estate and farm houses might be asked to adopt these birds as pets.

According to environmentalists and ecologists, the emus may become naturalised and breed freely in the wild. However, in the absence of predators, an increased population of emus could become a hazard to farmers as they may destroy crops just the way wild boars and antelopes do in various parts of the country. So releasing the emu birds into the wild could cause the next environmental hazard.

**End note**

1. In Erode district, one day in the night, a truck load of emu birds were released in a wild field by an unknown emu farmer. This emu birds crowd when they crossed a high way caused a panic to a traveller and he went to the nearby police station and complained that some wild animals in groups, have entered in to the village.

2. In an another case, some emu companies who set up emu display farms on the sides of a national four track highway, to attract investors have left the farms unattended without caring them. Due to that some emu birds died without food and the remaining birds, in the need of food, started eating the dead emu birds. So the herbivorous bird belong to the native of Australia are made in to Carnivorous bird in India.

**Discussion**

1. Do SWOT analysis on Emu farming.
2. Still some emu farmers believe there is a good scope for this farming if everything is streamlined. Give your opinion.
3. The concept of MLM was the wrong method adopted otherwise it would have been a very good business. Discuss.
4. What would be the alternative methods to take care of the emu birds?

**References**

2. ‘When emu mania swept heartland of Tamil Nadu’, The Hindu, 24 April, 2013.