



Making modern poultry markets work for the poor, India

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Summary

This practice documents the work of PRADAN (Professional Assistance for Development Action), a leading NGO in India, in organizing and supporting rural women to take up poultry rearing and develop this into a successful market-linked enterprise.

Women poultry rearers have been organised into a Poultry Producers' Cooperative in the district of Hoshangabad in Madhya Pradesh. Through the cooperative, these women have been successfully linked to a remunerative though volatile poultry market. In addition, the collective institutional structure has facilitated skill and knowledge building on improved management and rearing practices, and also disease control.

This practice documents the processes adopted by the women poultry rearers to break market entry barriers and become a viable and sustainable enterprise.

Description

This good practice is based on experience from Madhya Pradesh, India. Marked by poor road connectivity, irrigation facilities and agricultural outputs; the annual household income in the area was low at Rs. 12 000 to 15 000, with most households living in deficit leading to poor food consumption and rising debts. Families had to mortgage their agriculture outputs at low rates much

before harvest time to fulfil immediate household requirements. To address this situation, Professional Assistance for Development Action (PRADAN), an Indian non-governmental organization, initiated a home-based broiler farming pilot project, based on the idea that it was possible for a large group of small-producers to overcome commercial poultry entry barriers as long as their production efficiency, quality controls and veterinary inputs were entwined into a cost effective system.

To build a viable system, PRADAN motivated small-producers (i.e. women from tribal and dalit families who already had experiences as members of successful self-help groups) to organize themselves into a Cooperative. All that a small-producer needed to become a member was one cent of land (435 sq ft), either owned or leased, to setup broilers rearing sheds which could house 300 to 400 birds per batch.

PRADAN supplied day-old chicks to members, which were ready for sale within a 32 day cycle. This allowed members to rear 7 to 8 batches a year and earn between Rs 9 000 to 16 000 that is, Rs 45 to 80 a day for approximately 200 days of yearly engagement. Initial costs for shed construction were mobilized



Livestock Production

through bank loans and existing poverty reduction schemes.

1. Benefits of the Cooperative

The Cooperative today ensures procurement of inputs (chicks, feed, medicines and litter material) in bulk along with veterinary facilities and marketing services through local traders, city warehouses and Sukhtawa retail outlets in Bhopal. To withstand the volatile nature of the poultry market, the Cooperative ensures lifting of ready birds at pre-determined rates and dates.

Each member is provided with a production card, which records all cost transactions including performance variables like mortality, weight gain, feed conversion ratio etc. Members are helped to analyse reasons of high or low profits at the end of each cycle. Each village of 25 to 30 producers has a trained supervisor (paravet/ animal health worker) who provides round-the-clock production support including, distribution of inputs according to the per members' needs.

The supervisor also oversees disinfection of sheds, vaccination and lifting of birds, monitors weekly bird weight, records mortality and brings information to the Cooperative office, where, jointly with the veterinary doctor production performance is analysed and corrective measures are suggested.

All members underwent training that covered all aspects like chick management, measuring feed and medicines, vaccine schedules, prevention of diseases, maintenance of sheds, usage of poultry equipment and record keeping.

The training also took the members through the intricacies of an entire rearing cycle including enhanced focus on bio-security, management of major diseases, water

management, litter management etc. A CEO manages the day-to-day operations of the Cooperative and is assisted by 37 paid staff (including village supervisors) from affiliated villages.

Cooperative accounts are maintained through customized software which generates regular Management Information System reports for management review and feedback. Each month a Governing Board comprising of at least 11 elected women representatives from amongst the producers, meets to discuss and take decisions on the performance of clusters, staff deployment and remuneration, input procurement, fixing of input-output prices, new appointments and marketing issues (like price and pick up dates).

This information is communicated to members regularly. The system works through effective organization of production, clarity on input and output requirements, clear communication procedures and a robust financial system.

Today the net worth of Kesla Cooperative is Rs 35 lakh in addition to a risk mitigation fund of Rs 10 lakh. The annual turnover of the Cooperative has doubled in the last three years and in 2007 to 2008 the total amount distributed to members was Rs. 67.2 lakh, a fourfold increase since 2004-05. A significant part of the surplus at the Cooperative level is pooled together into the risk mitigation fund to deal with future price fluctuations. This also gives it resilience which individual members do not possess.

For instance, during the bird-flu scare, while other small producers were selling birds at a distress price of Re. 5 to 10 per kg, the Cooperative used innovative methods of tapping the rural markets and managed to realise a price of Rs. 15 per kg.



2. Lesson learnt

1. Within the poultry sector, 'small owner based broiler units' can be as or more efficient than 'big employed labour based broiler units' provided that smaller units are organised /operate as collective so as to mitigate risks, to ensure backward (inputs) and forward (access to market) integration, to ensure in-built incentive systems for efficient production and service delivery and to provide access to credit, information, skills and technologies.
2. Facilitating and supporting the development of organised/collectivised 'home based broiler farming' with disadvantaged households based in remote rural areas is complex; it can succeed when the initiating agency is given sufficient time (trust building, skills development etc.), has the right set of expertise at hand (intensive broiler production, input procurement, output marketing, financial management etc) and commitment and perseverance to make the system conducive for the participation of the poor.
3. Bird Flu control can be pro-poor through collectivised 'home based broiler farming' (the all in all out system is in place) can develop risk mitigation funds, put in place bio security measures at individual broiler units and ensuring adherence to protocols for the maintenance of hygiene and other routine tasks at each level (handling, transportation, sales outlet etc).
4. Current policies (poultry sector related) and programmes/schemes (poverty reduction oriented) are not conducive to encourage and support development of small scale poultry production. The former is in the interest of large scale producers and developed along the vision that the sector should go the corporate way, while access to the latter implies ability and power to lobby, perseverance and loads of administration for the facilitating agency let alone a poor household.
5. Tribal women and other women of disadvantaged communities who traditionally keep poultry have an excellent skill base to develop as broiler rearing entrepreneurs. They manage to keep two systems alongside each other; i.e. the high tech broiler rearing and traditional backyard poultry based on indigenous birds for home consumption and cultural reasons. The broiler birds are not in contact with the indigenous poultry breeds and sold at a young age (cycle is normally 35 days).
6. A gradual promotion towards cooperative is important so as to ensure that all members have the skills and attitude at hand to make it successful; starting as self-help group (saving and credit) and when successful over a longer period of time provides a good base for stepping up to a cooperative. Being member of a cooperative implies benefiting as well as obliging. Enhancing a culture of trust, accountability and joint member profits is only built up over time; discipline, incentives and disincentives, understanding the cooperative operations (calculation of input-output costs; reading balance sheet etc.). Top down initiation of cooperative model would be counterproductive.
7. Contrary to backyard poultry rearing, efficient rearing of broilers in small units is an advanced and highly technical form of poultry production; selection of the right DoCs, provision of quality feeds, proper management of water, feed, litter, temperature, light etc., controlling bird



density, adequate brooding management, checking behaviour of the birds all need to be in place to achieve excellent growth and overall performance.

8. For the initial stage, investing in extension [(on-the-job) training, exposure visits and exchange]] is a prerequisite to develop the skill base for potential small scale broiler producers; PRADAN has a 7 day intensive programme and 35-day comprehensive programme (full practical coverage of one production cycle). The 7 days training also helps in self-assessment/self-selection namely, “can I cope with the rigours of the enterprise” and she might decide to drop out.
9. The monitoring tool ‘producer cards’ works as an effective mean for focused communication; to analyse performance and to provide advice (producer – supervisor), to discuss problems and seek technical assistance (supervisor – technical/veterinary staff of cooperative), to discuss overall performance, to plan off-take schedules etc during monthly cooperative meetings. A performance linked incentive scheme stimulates prompt and high quality services (supervisor level) and producers to have a better FCR.
10. Poor rural women with interest in poultry and under the aegis of their cooperative can become entrepreneurs and manage to successfully feed a complicated and volatile poultry market. Apart from making a living from broiler production, they easily acquire confidence, greater dignity and a range of skills.

3. Industrialization of Poultry production

One dimension of the Indian poultry revolution has been the industrialization of poultry production, with production changing from being a traditional local multi-

purpose activity to an increasingly market oriented and vertically-integrated business led by corporate/ business families and not by farmers. It has concentrated in urban and peri-urban areas, is well organised, works with the latest technologies and occupies almost the entire egg and broiler meat market in the large cities.

Figure 1. Making modern poultry market work for the poor



At the other extreme, is backyard poultry based on scavenging. This good practice explores a ‘mid-way’ model falling between these two ends wherein the opportunity to promote individually owned 300 to 500 bird units, collectivized into producer run Cooperatives is capitalised upon. This practice is worthy of replication because it shows the viability of this home based broiler farming model which has enabled poor women to turn small producers surmounting commercial poultry barriers.

Learning from the initial struggles, the cooperatives are now strengthening backward and forward linkages. For instance, instead of buying feed and chicks from markets, cooperatives are setting up their own hatcheries while many already have their own feed units.

For example, the Lohardaga Grameen Poultry Cooperative Society in Jharkhand has set up a hatchery, with a production capacity



of 3 lakh chicks per month. A National Collaborative of Poultry Producers is also being formed which will provide major services to the cooperatives, including expertise on managing sophisticated poultry infrastructure, supply chains and setting up hatcheries.

Finally, the broiler farming model has had a multiplier effect. With new poultry feed stores, vaccine suppliers and chick delivery agents joining this female farmer led broiler initiative, the scope of enhancing poultry based rural employment is becoming a reality. However, for this model to be effectively replicated, the right frame conditions need to be in place. BRAC, the largest national NGO in Bangladesh started in 1972, is renowned for its success in promoting small scale poultry farming among the poor in Bangladesh; its works all over the country and has created 1.8 million jobs related to poultry production

3.1 Key features of the Pradan home based broiler

Notwithstanding pronounced differences, the key features of the PRADAN 'home based broiler model' and its backward and forward linkages are in line with those of BRAC. Namely:

- high quality extension services (rigorous training of producers, intensive production support and quality orientation, on-call veterinary services, appropriate technologies);
- provision of backward (input supply) and forward (access to market) linkage; and
- a pro-poor orientation/commitment to poor.

The efforts of replicating the 'BRAC poultry models' in both Bangladesh and India by the government as well as by other NGOs

have led to mixed results. Therefore, the quality and capacity of the support agency is a determining factor for successful replication. Thus, only through a concerted sector vision, an applied policy framework, technically sound external actors and a commitment to bring small-producers at par to market requirements, can growth in small scale commercial poultry feed the dreams of the millions to improve their income and make a decent living in rural areas.

3.2 Checklist for assessment of broiler livelihood project

1. Is there sufficient market for broilers within a radius of 250 km?
2. Has a small survey among private farmers been conducted to know the current margins?
3. Is the return per day (RPD) better than prevailing local wage rates?
4. Is there availability of minimum 200 producers in selected villages within a radius of 25 km?
5. Is there round the year road connectivity in these potential villages?
6. Is there availability of quality drinking water and power supply in these villages?

4. Agro-ecological zones

- Tropics, warm; and
- tropics, cool/cold/very cold.

5. Related/Associated Technologies

- Backyard poultry farming through self-help groups in West Bengal: TECA ID 7675

6. Objectives fulfilled by the project

- Woman-friendly;
- resource use efficiency; and
- pro-poor technology.