

## A STUDY ON PROBLEMS FACED BY CONTRACT BROILER POULTRY FARMERS

*Sabbineni Poojitha*

*Research Scholar, Gitam Institute of Management Gitam (Deemed to be University), Andhra Pradesh, India*

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### ABSTRACT

*Broiler poultry meat production and consumption pattern in India is increasing from year to year due to certain reasons such as an increase in demand, the purchasing power of customers, regular and fast returns, implementation of various technologies and changing food habits. Vertical integration system has emerged in most parts of the world in broiler poultry farming, which is also termed as contract farming. Contract farming is an agreement between the farmer and integrator where the integrator provides inputs to the farmer and takes back the final produce. Through this process, the risk element is reduced for farmers. Even though the risk is reduced farmer faces certain difficulties in this system.*

**KEYWORDS:** *Broiler Production and Consumption, Contract Farming, Challenges, Growing Charges*

### INTRODUCTION

In most of the developing countries, livestock rearing has become an important subsidiary occupation to smallholder farm families and rural households as it generates income. Poultry has become the fastest growing segment in broiler poultry meat production (Assa, 2012). All over the world poultry sector is growing continuously due to an increase in human population, rising purchasing power and urbanization (FAOSTAT, 2104).

With the increasing population and income in India, people are mostly focusing on their development such as better health and better living conditions which can be attained through good and nutritious food. People can afford nutritious food with their increasing incomes. The annual growth rate of broiler market is 8-10 percent. The poultry production and consumption in India is anticipated to grow due to certain factors such as urbanization, changing food habits and increased awareness of nutrition. Considering the consumption pattern of broiler meat in India, 62 percent of meat is being consumed in major cities while the remaining consumption comes from other cities and villages. The poultry growth in India is leading with 10 percent growth followed by Brazil with 7 percent growth, U.S.A with 2.1 percent growth and China with 2 percent growth. According to the National Institute of Nutrition, the per capita consumption of broiler meat should be 11 kg, whereas the actual consumption is 3.9 kg (Ricky Thaper, 2018).

**Table 1: India's Broiler Meat Production**

Year	Production (1,000 Metric Tons)	% Change
2014	3,725	-
2015	3,900	4.69%
2016	4,200	7.69%
2017	4,400	4.76%
2018(April)	4,600	4.54%
2018(October) expected	4,600	No change

**Source: USDA, 2018**

The above (Table 1) represents India's broiler meat production from the year 2014 to 2018 (October). There has been an increase in the percentage change of broiler meat production in every year during the period. Considering the increase over this period it is found that the increase of broiler meat production is more in the year 2016.

In India, due to recent economic growth and introduction of western culture, the food consumption habits of people in India has been changed. There has been a rise in the production of livestock products and the production is expected to be increased (Ricky Thaper, 2018).

**Table 2: India's Broiler Meat Consumption**

Year	Consumption (1,000 Metric Tons)	% Change
2014	3,716	-
2015	3,892	4.73%
2016	4,196	7.81%
2017	4,396	4.76%
2018(April)	4,596	4.54%
2018(October) expected	4,597	0.02%

**Source: USDA, 2018**

The above (Table 2) represents India's broiler meat consumption from the year 2014 to 2018 (October). There has been an increase in the percentage change of broiler meat consumption every year during the period. Considering the increase over the period it is observed that the consumption of broiler meat is more in the year 2016.

From the above both the (Tables 1&2), it is clearly understood that the percentage increase in broiler meat production and consumption in India are almost similar. The amount of broiler meat produced and consumed in every year is same. It means that the amount of broiler meat produced in the country is consumed accordingly.

Poultry associations formed in India like the Poultry Federation of India, Indian National Federation of Animal Health (INFAH), Compound Livestock Feed Manufacturers Association (CLFMA), and Broiler Coordination Committee (BCC) likewise. These associations play an important role in guiding farmers, creating awareness among the consumers and presenting the industry requirements to the government.

A government of India states that farm to kitchen scenario is rapidly changing in India due to increased produce, storage facilities, changing food preferences of consumers and food processing systems. Nearly 10 percent of Indian agriculture produce is processed in the country which presents a huge market potential in India. Allowance of foreign direct investment scheme in the food processing sector and cold chain facilities is further supporting the development of poultry processing sector. (Ricky Thaper, 2018)

In all the categories of livestock farming, broiler farming is the only segment where the farmer can get a quick return on investment. Proper planning has to be done by the farmer to get the maximum benefits. Broiler poultry farming can be adopted in all climate conditions (Singh et al, 2010).

Broiler poultry farming is mostly carried out in two ways such as self-farming and contract farming. Self-farming is where the farmer has to procure inputs and sell the produce to the market. In this system, farmer has to bear all the risk elements.

Contract farming is an agreement between the integrators and farmers. Integrators are the firms who supply inputs to the farmers and finally take the produce back and market them. In contract farming, the farmers are paid based on the

predetermined prices.

Due to the change that had taken place in broiler sector operations, farmers are mostly opting for integration so that they are protected from the risk occurred due to market uncertainties. Integration model ensures improved farm management practices, profitability, and production of quality chicken. Most of the integration companies are also expanding their operations by establishing new processing plants and chicken outlets(Eaton &Sheperd, 2001).

## **NEED OF THE STUDY**

The study has been carried out to find out the broiler production and consumption pattern in India and its significance in generating employment for the people. Vertical integration system has emerged in broiler poultry farming and it is generating employment directly and indirectly to the large chunk of people in India. Even though farmers are attracted towards contract farming it also has various problems and challenges which should be taken into consideration by the integrators. Certain measures have to be taken by the integrators such that the farmers tend to not to change from one integrator to another.

## **REVIEW OF LITERATURE**

Vara Prasad et al. (2005) in their study explored that delay in the supply of chicks by integrators is the main severe problem faced by the farmers in the study area.

Kiran et al. (2017) through their study identified that integrators enjoy more profit share than the contract farmers. A medium sized farm is the optimum size that should be followed by the contract farmers.

Satapathyet al. (2017) in their study found that broiler farming sector has transformed into the fastest growing sector due to a combination of various support activities. Broiler farming can be easily adapted to any kind of climatic conditions. Price fluctuations are major challenges faced by the farmers and integrators while marketing their produce. Competition and price cutting are also other problems faced by the farmers and integrators.

Sridharan, A. (2017) in his study revealed that high electricity tariffs and low growing charges are the major factors affecting the profitability of contract farmers. Contract farmers are not satisfied with the growing charges provided by integrators as they are unable to meet the expenses incurred such as coal, electricity and labor charges with the given growing charges by the integrator. The researcher also suggested that integrator has to share knowledge with farmers regarding marketing and production techniques.

Rasak and Sallahuddin (2013) had conducted a study on contract broiler farming and found that the integration system had brought a significant change in the poultry industry of Malaysia. The system has to be reinforced in some aspects such as feed conversion ratio, average marketing age, mortality rate, average body weight, and rearing house transmission system so that it can ensure sustainability, efficiency and effectiveness in contract farming.

Francis et al. (2017) in their study identified the challenges faced by contract broiler farmers in the study area and found that lack of quality feeds and lack of access to market are the major reasons. The remaining challenges such as lack of training and prevalence of poultry diseases are some more challenges faced by the farmers. Inadequate finance is also one major problem faced by the farmers.

Sanjiv and Shakti (2016) in their study identified that most of the farmers in the study area are shifting to contract broiler poultry farming. Poultry farmers who are shifting towards contract farming find it better in terms of price stability and assured market. The farmers have been changing from one integrator to another integrator for better growing charges.

Kalamkar (2012) in his study tried to understand the problems faced by the contract broiler farmers in the study area and found that less growing charges, delay in providing chicks and veterinary services, high visiting charges and deduction of tax at source are the major problems faced by the farmers.

Gopala et al (2015) in his study explored that high mortality of flock due to diseases, high electricity cost, lack of financial support, low quality of feed and medicines and no proper extension advisory services are the major problems faced by the farmers in the study area.

Amit (2017) through his study observed that delay in providing chicks, low growing charges provided by the integrators, delay in lifting the produce and providing veterinary services are the major issues faced by the farmers in the study area.

## **OBJECTIVES**

- To examine the production and consumption pattern of broiler meat industry in India.
- To understand the problems or challenges faced by contract broiler poultry farmers.

## **METHODOLOGY**

The study is done based on the secondary data available in different journals, handbooks, reports, and websites. Content analysis of existing literature is done to understand the scenario of production and consumption pattern of broiler meat in India.

## **FINDINGS**

Through the literature it was observed that the major challenges faced by contract broiler poultry farmers are:

### **Delay in Supply of Inputs**

Most of the researchers had observed this as the major problem faced by the farmers from the integrators. Due to which the cost of the farmers has been increasing and also this results in a decrease of the number of batches risen per year.

### **Low Growing Charges**

The major issue faced by the farmers reported in many studies is less growing charges. As with the increasing expenses the growing charges which the integrator providing is not sufficient. Farmers have to meet the other expenses such as coal, electricity and labor costs which are increasing over a period of time. Farmers are facing difficulty in meeting this expenses with the growing charges provided by integrators.

### **Lack of Feed Quality**

Feed is a major input other than chicks to the farmers. If the quality of feed decreases then productivity also decreases. This also results to mortality of produce.

### High Mortality Rate due to Diseases

High mortality of chicks and birds is caused due to diseases affected to the flock. Proper medicines have to be supplied to the farmers to reduce the mortality. If the mortality rate is increasing the farmers growing charges are less down by the integrators.

### Delay in Lifting the Produce

The farmers are facing another difficulty because there are experiencing a delay in lifting the produce by the integrators which are increasing the farmer's production cost.

### CONCLUSIONS

From the above study, it was found that there has been an increase in both production and consumption of broiler poultry meat in India. With the increase in production and consumption, there exists a scope for more employment. Vertical integration has improved poultry production system in India. Most of the farmers are into contract farming as the risk factor is less in it. Even though through contract farming the risk is reduced to the farmers, farmers are facing challenges in this system. Shift from one integrator to another is frequently observed. Integrators have to understand the problems of farmers and provide inputs on time along with increasing growing charges. Integrators should provide veterinary services on time to the farmers to reduce the mortality rate of the flock. Training should be given to the farmers such that they can be aware of modern poultry production techniques. This all makes the farmers to get motivated to do contract farming and they also become loyal to the integrator.

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