

# Initiating Organized Broiler Farming: The Significance of Collective Action

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*Providing employment to more than three million people in the country, poultry rearing as a livelihood option brings hope of financial and food security for the rural poor and the small-holder, reducing distress migration, enhancing confidence and paving the way for possibilities of education for the next generation*

## INTRODUCTION

Sonamuni Devi, Biti Soren and Sadori Devi's smiles, body language and confident way of speaking were enough for Manager, Parasnath Jha, to notice them among the men and women assembled in Vananchal Gramin Bank (VGB), to conduct their routine banking transactions. These rural women were a part of the Godda Gramin Poultry Self-Supporting Co-operative Society Limited (GGPSSCS Ltd.). In a short span of three years, the co-operative society has made an enduring impact on the lives of the landless and marginal poor women, who earlier had few earning options. It provided them with opportunities to earn an adequate living within the village, giving them an identity and indomitable strength.

The journey to self-sufficiency, however, was not smooth. Working with rural women, through a co-operative society, in one of the remotest districts of Jharkhand, with no past tradition or exposure to the poultry business, was no mean task. Convincing the families and neighbours of the viability of the enterprise required intensive and patient engagement with the community. They were not only skeptical but at times openly obstructive. It was only after five or six batches of birds were successfully reared and sold that the inhibitions gradually faded away. This article discusses some of the salient aspects of the venture.

## BACKGROUND

Some SHG members owned no land or had very small pieces of low productive land and had no alternative employable skill sets. They were invariably compelled to undertake seasonal distress migration. After the PRADAN team's success in Godda in tasar and the agricultural sector, the organization was on the lookout for more opportunities to augment income through off-farm activities. The additional income from new activities would directly benefit those at the bottom of the pyramid as well as provide additional incremental income to existing beneficiaries. SHG members agreed to take up poultry rearing as an additional income generation activity. The Ministry of Rural Development (MoRD) and the rural development department (RDD), Government of Jharkhand (GoJ)-supported Special SGSY project has substantial provisions for asset, capital and capacity support to start-ups.

PRADAN was actively engaged in the promotion of various livelihood activities in five blocks of Godda. The team had to decide where the initial 250 poultry sheds would be installed. Taking into consideration the land-holdings, road connectivity, market accessibility and willingness of the people to take risks, it decided to introduce the activity in Pathargama block of the district.

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to household food and nutrition security. Whereas poultry rearing is recognized as a key poverty reduction strategy, with a number of schemes focused on poultry development and promotion, the high growth in the sector is currently confined to the commercial, organized sector.

This is largely on account of the poor risk-bearing capacity of

small-holders; the lack of coordinated supply of inputs, extension and market services; and limited access to new knowledge and technology among small-holders.

## **AN OVERVIEW OF THE POULTRY BUSINESS**

India has three per cent of the world's total poultry population (648 million poultry birds), providing employment to more than three million people in the country and is one of the fastest growing sectors (10–15 per cent) per annum, for the last decade. The organized poultry sector contributes 70–75 per cent of the total production, of which 95 per cent is sold as live chickens. Families of disadvantaged communities are the major contributors to this sector. Business growth in the rural areas, however, is limited by the following factors:

- ◆ Lack of knowledge and initiative among small-holders
- ◆ Poor risk-bearing capacity of small-holders
- ◆ Lack of coordinated supply of inputs, extension and market services
- ◆ Inability of the poor to enter the sector without outside support because commercial poultry is organized, complex, highly competitive and market oriented.

The rapid advancement of the poultry sector has, however, largely by-passed the poor, for whom poultry rearing has been a traditional livelihood activity, contributing significantly

To facilitate effective participation by small-holders in the poultry sector and help them benefit from this rapidly expanding commercial activity, a specially designed approach is required—based on the existing knowledge, resources, access to inputs and markets, and which will enable small-holders to graduate from a nutrition-and-food-security-focused intervention, to a livelihood and income-earning intervention.

## **BENEFICIARY SELECTION**

The selection of beneficiaries was a key aspect in this activity. Several meetings and exposure visits were organized with functioning SHGs, to help the villagers understand the concepts of operating through a collective, the rearing technicalities, estimating the cost of a poultry-shed, raising the working capital, the grant and loan component, and making business plans. For the first time, 50 beneficiaries were selected, based on the Below the Poverty Line (BPL) list, their interest in the activity, their land-holding (less than 50 decimals), person power in the family, their economic vulnerability, their willingness to take a loan for the shed, equipment, working capital, etc.

## SETTING UP A PRODUCER INSTITUTION (PI): A KEY AREA

Poultry business is a high-risk business, totally dependent on an uncertain and highly volatile market. The poultry industry is exposed to many external vagaries such as bird flu, demand fluctuation and price fall. The direct exposure of small producers to highly volatile markets and business conditions runs the extremely high risk of turning the economics table against the producers almost overnight. These issues create a high entry barrier for small producers. Hence, a proper shield was required to protect the interests of small producers, whose business accounts for a mere 20 per cent of the total produce in the state.

A co-operative was promoted to keep the risk of the rearer to a bare minimum, to enhance cost-effectiveness through the collective procurement of inputs and sale of birds, to achieve economies of scale, and to organize backward and forward integration.

## FORMATION AND REGISTRATION

In January 2010, in a general meeting, the producer institution GGPSSS Ltd. was formed with the 50 beneficiaries from seven villages. The Governing Board members were selected. According to the decision of the first Governing Board, 103 people became members by purchasing 10 shares (1 share was Rs 100) and by depositing Rs 20 as processing fee. They then applied for legal registration, following the Bihar Co-operative Registration Act 1996; and the producer's institution was registered on 14 August 2010.

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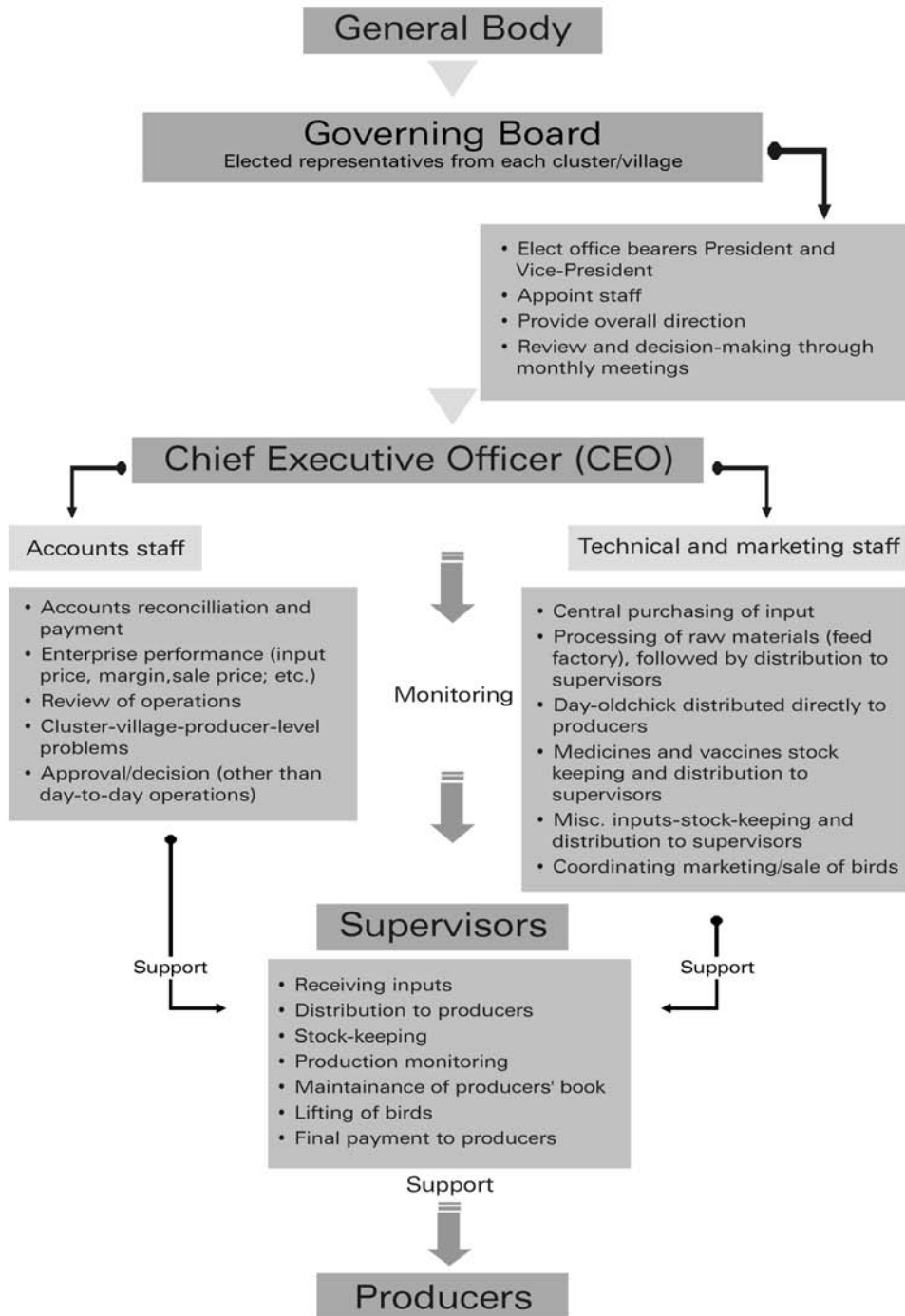
## MANPOWER

The co-operative recruited a CEO-cum Veterinary Doctor to ensure that the operations in the field and in the office run smoothly and to co-ordinate the whole business process, including the technicalities involved in poultry rearing. Village-level supervisors were engaged to make two visits a day to each poultry shed in

their respective areas. One Central Supervisor was recruited to manage and follow up on the operations of the supervisors, mainly at the field-level and report directly to the CEO. An accountant was engaged to maintain accounts, input data into the Udyog Munshi (the dedicated livelihood and accounting MIS) and to capture business intricacies. Weekly review and planning meetings, conducted by the CEO, of all the staff helped in developing a common understanding and building a vibrant team.

## INPUT AND OUTPUT MANAGEMENT

The co-operative is accountable to the rearers and is responsible for the arrangement of all the inputs and is required to purchase equipment, bedding material, chicks, vitamins and minerals, medicine, vaccine, feed, etc., from the distributors and suppliers. All inputs are then distributed to the beneficiaries through the supervisors. The CEO and the Central Supervisor are directly engaged in this operation. All the beneficiaries are bound to sell the outputs, for example, the ready birds, through the collective and not individually. The co-operative is responsible for establishing market linkages and building relationships with the buyers, who collect the birds from the poultry-sheds. The CEO is in charge of this, and he fixes the price by taking the market rate into consideration. The co-operative sells its produce in the local (Godda, Hansdiha and Mahagama) and nearby (Deoghar, Tinpahar and Bhagalpur) markets.



Management of individual production units

**Figure 1: Governance Structure and Function of the GGPSSS**

## REARING AND TECHNICAL ASPECTS

In Godda, the production cycle began in November 2010. In the beginning, there were many technicalities involved, for example, cleaning and spraying the sheds with medicine, applying lime in the sheds, using bricks to prepare for brooding, procuring the material and the medicines needed during the placement of chicks, applying glucose, procuring and arranging feed (pre-starter, starter and finisher, according to the age of the chicks) and applying medicines to control diseases. Beneficiaries learn the process in one cycle and then, supported by the cadres of 10 trained para-veterinarians (supervisors), they manage these aspects themselves.

## ACCOUNTS AND AUDIT

Maintaining accounts is a very important component, especially when large volumes of money transactions are involved. Co-operatives maintain different types of cash books and registers for the input and output management; they make entries in the Udyog Munshi, pay the beneficiaries depending on their Efficiency Index (EI)\*, based on different components and aspects of rearing. A mandatory, annual audit is also conducted.

## GOVERNANCE AND OPERATION

According to the by-laws of the GGPSSS Ltd., the Governing Board comprises 11 members selected through the Annual General Meeting (AGM), held once a year. The operational body comprises the CEO, supervisors, trainers, accountants and other technical and marketing staff, paid by the co-operative. Meetings of the Governing Board are held once a month, in which the operational/executive body presents the monthly progress report and

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deliberates on performance issues at length. Similarly, poultry development committees hold weekly meetings in each of the villages, facilitate prudent decision-making and address issues arising in the business.

## TRAINING AND CAPACITY BUILDING

While the interventions were being initiated, a series of training programmes and exposure visits were organized, covering the theory and the practice of the business. Beneficiaries had to undergo mandatory training, thereby enhancing their understanding of the activity and improving their production skills. The training programmes organized are aimed at:

- ◆ Orientating the entrepreneurs to the nuances of the broiler farming enterprise
- ◆ Emphasizing the importance of collectivization
- ◆ Providing practical on-the-job training of supervisors for one complete batch cycle of around one-and-a-half months
- ◆ Enabling accountants to work on the Udyog Munshi, for the smooth operation of the MIS
- ◆ Providing an initial eight-day training on production and management to the new beneficiaries
- ◆ Creating awareness and enhancing motivation among beneficiaries
- ◆ Grooming and training Governing Board members, once a month,
- ◆ Conducting the Annual General Meeting (AGM), with Sub-Group Activities (SGAs), to announce the physical and financial status of the preceding year
- ◆ Conducting multi-stage training of trainers

### Key Processes in a New Area

1. PRADAN conducts a rapid assessment of two core components:
  - Socio-technical feasibility (understanding the local livelihoods portfolio and checking road and water access, prevailing wage rates, share of member in family's livelihood portfolio);
  - Market and financial feasibility (understanding the prevailing market conditions demand, input supply, margin per bird);
2. Approach existing/potential producers, who are already organized into SHGs and have a good track record in transactions
3. Train members in the methods of broiler poultry rearing. The training lasts for a whole cycle of production and is carried out under the supervision of the Technical Supervisors
4. Give each member a batch of 400–500 birds to rear. The birds are procured from a hatchery identified by the Federation and then distributed among the members. Each producer is also given a producer's book, to record all the transactions made.
5. Administer vaccines to the birds through the feed.
6. Choose a para-vet from the community and train her/him to monitor the birds;
7. Pay producers according to the quality of the birds reared by them at the end of a batch, that is, a period of approximately 45 days.
8. Calculate the EI of the batch. The EI captures the livability, Feed Conversion Ratio (FCR), weight and the number of days that the birds have been reared.

Livability (%) x Average  
Body Weight (in  
kilogrammes)

Efficiency Index (EI)-----X100

FCR x No. of Days

A minimum EI of 160 is required for the producer to get a decent return on the birds. A score of less than 160 accounts for negative points and the birds are sold at the basic price.

The poultry industry is prone to volatile fluctuations in price, which is determined by the Hyderabad prices. The Jharkhand State Women's Self Supporting Poultry Federation (JSWSSPF) has a committee to negotiate and fix prices. The committee has two members, one from the JSWSSPF and the other from the co-operative.

When an order for buying the birds arrives, the buyer has to first go to the co-operative office and place the order and pay the amount. The buyer shows the receipt and procures the birds from the village through the supervisor.

A Governing Board meeting for the co-operative is held on the 11th of every month, in which representatives from the villages come to share their experiences and the information on the physical and financials of the cooperative.

Weekly meetings with rearers take place in every village. It is mandatory to address all issues that arise.

### INSTITUTIONS INVOLVED, ROLES PLAYED

- A) **PRADAN** initiated the intervention and was instrumental in forming the groups and the co-operative, and evolved the model right up to the formation of the producers' company.



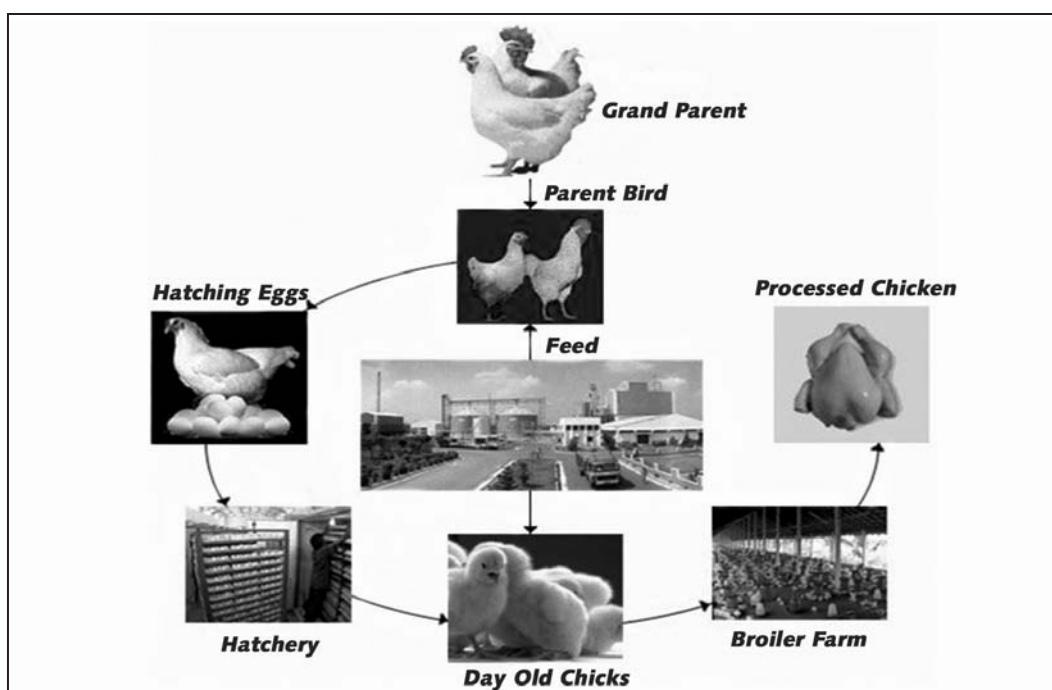


Figure 2: Business Process From Farm to Market

- B) **JSWSSPF** is a Federation of nine poultry co-operatives in Jharkhand. It purchases the raw material require and passes it on to the co-operatives, manufactures feed, conducts the internal audit and the quarterly assessment of the respective co-operatives, and provides training to the stakeholders, when required.
- C) **GGPSSCS** Ltd. introduced robust management into the system. It is an important link between the producers and the producers' institution.

#### HUMAN RESOURCES INVOLVED

The co-operative has one CEO to manage its day-to-day affairs. Each co-operative has a Technical Supervisor, who makes regular visits to the poultry farms and checks the birds. There is also one central para-vet, from the community, to assist the Supervisor in his work. The co-operative also employs an accountant to manage financial transactions.

#### Funds and Costs and Other Resources

Approximately 75 per cent of the co-operatives' turnover goes into the hands of the producers and 25 per cent is retained by the co-operative to meet its expenses. Financial help sought through the Special SGSY is to primarily construct the poultry sheds and meet part of the working capital requirement.

#### CHALLENGES

The initiative was new for the community as well as the district team professionals. It took concerted efforts to demystify the business for the community.

Even though poultry is common livestock among the tribals as well as the backward sections, the rearing of broiler birds was an entirely different ball game for producers. The technology-intensive process made many people hesitant to take this up as a primary source of livelihood. At the outset, during

the community meetings in villages at Pathargama in Godda, community members were cynical about taking up broiler farming as a livelihood option. However, regular exposure visits and training, and continuous engagement and dialoguing with the community allayed their apprehensions and inhibitions.

The project mandated to work with more than 90 per cent of the BPL families. However, there were many landless villagers who were not given the BPL status and thus could not be reached.

As per project design, the shed capacity had to be 400 sq ft for 400 birds. But PRADAN, Godda along with the co-operative members decided to increase the shed capacity to 500 sq ft for 500 birds so that the beneficiary could earn more in the same time. The extra funds for the additional shed capacity and rearing equipments (brooder, chicks guard, feeder and drinker) was leveraged through a five-year bank loan of Rs 20,000 per producer.

In order to help build community ownership for the initiative, the project warranted Rs 6,000 to be leveraged from the contribution of the *swarojgari* (beneficiaries). This amount, equivalent to around 42 days of the MGNREGA wage (calculated @Rs 140 per day) was difficult for a daily wage labour to arrange. However, motivational training programmes and regular visits by PRADAN professionals paid off. Most of the contribution came through masonry, wage labour and bricks, although this prolonged the shed completion work in the early phases.

In the beginning, arranging a loan for the shed and the working capital posed a challenge. A

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batch cycle of 500 birds required a working capital of about Rs 40,000. If 40 per cent of this amount, that is, Rs 24,000 were available, the co-operative could manage the whole cycle because the placement of chicks usually happens in a staggered manner. The government sanctioned a grant of only Rs 8,000. The remaining Rs 16,000 had to be garnered through bank loans, which were refused outright by the service area

banks, including by the regional rural bank, thus seriously jeopardizing the co-operative's production plan. At this juncture, JWSPCFL, the poultry Federation, extended its support by approaching NABARD for a working capital loan of Rs 16,000 and equipment cost of Rs 6,000 per beneficiary. PRADAN helped in raising the remaining amount of Rs 14,000 for shed construction from the Dewan Foundation, Delhi.

A feed mill needed to be constructed for sustainability. Two beneficiaries from Jamjori village agreed to donate the land needed for the building. During the course of construction, conflict arose between the contractor and the villagers due to the poor quality of work. Ultimately, the co-operative changed the contractor, and the feed mill took about a year to complete. Now a semi-automatic machine has been installed. However, the electricity supply is erratic; a generator will be purchased soon and production is expected thereafter.

The conditions of the roads of every village in a poultry Cluster were far from adequate for transporting the chicks. During the monsoon, the co-operative struggled hard to sell the ready birds as well as to store inputs in the feed godown.



Initially, most of the Governing Body members did not understand the business process and its nuances. Regular information about the concept of a co-operative, the setting up of systems and defining the role of the members helped groom them to take decisions.

Marketing was a challenge initially because the members/co-operative had never been exposed to the market dynamics. Chickens were being supplied mainly from the neighbouring Bengal market. Entering that established market was difficult. The co-operative studied the demand of the product and started making a slow but firm entry into the business. They learned that the timing of the placement of the chicks was crucial to ensure a reasonable rate for the ready birds. Gradually, the co-operative was able to establish its own placement plan and thus penetrated 35 per cent of the local market.

Disease control is another major problem. Though the farm size is small and good hygiene is maintained, the birds have faced the threat of deadly viruses such as the avian flu, ranikhet and others.

### IMPACT AND CHANGES

In spite of the numerous challenges, the co-operative has made significant strides in the business. After two-and-a-half years, the changes are now clearly visible among the target community. One poultry farmer earned a net profit Rs 2,800 per batch (the highest amount paid was Rs 8,100 from one cycle) of 500 birds. On an average, a farmer rears six batch cycles per year, thus earning an additional income in the range of Rs 15,000 to 25,000.

The awareness level of the women poultry farmers regarding the business aspect of poultry rearing is increasing. They feel empowered and even have no hesitation in

Biti Soren, the wife of Santlal Murmu from Jokelaghat village, Paraspani panchayat is one of the 15 members that started poultry rearing under the co-operative in November 2010. The perennial source of income has infused her with high enthusiasm and confidence. She can now afford the cost of studies of her two sons, who are now studying in Central and Mission schools at Godda. She is a source of inspiration for many other parents, who are now investing the earnings from poultry into their children's future.

meeting officials and raising their voice in *panchayat* meetings. Owing to the fact that they now have a regular and reliable cash flow, their say in the family and societal affairs has considerably increased.

Looking into the initial success of the co-operative, there has been a sudden upsurge in the demand for forming new SHGs in the vicinity. Now an additional 80 SHGs have been formed within the same poultry Clusters, which otherwise were blasé to the idea of poultry rearing.

About 50 per cent of the poultry farmers are now more conscious about their children's education. Most of them have purchased the necessary books for their children, have even engaged tutors and are sending their children to hostels of reputed government and mission schools in the area.

Field visits by the Deputy Commissioner, Deputy District Commissioner, Block Development Officer and the representatives from GTZ and NABARD, and experience-sharing by co-operative members in various development forums has helped to mobilize funds. Appreciation and exposure has

contributed immensely in enhancing the confidence of the rearers, and has also brought about a paradigm shift in the perception of all stakeholders.

Some poultry farmers have retrieved the jewellery/ornaments they had pledged and some of them have purchased new ones.

The intervention allows both spouses to earn for their family. Most of the men in the family now no longer go outside to find jobs. With poultry rearing, they earn adequate income around the year.

### THE ENABLING FACTORS

Several factors contributed significantly to the success of the programme, including the

presence of strong community institutions such as the SHGs. The existing 21 SHGs at the beginning of the intervention prepared a strong social ground for sharing and nurturing of new ideas. The success exhibited in areas such as tasar, and agriculture production enhancement created a thirst for improvement. The provisions under the Special SGSY programme ensured the much needed capital support for testing, budding and scaling the idea. And PRADAN's past experience of developing and working with poultry co-operatives in other districts of the State, provided the much, required-in-house techno-managerial expertise and motivation. The professional support available to the community from PRADAN as well as the community service providers enabled the critical hand-holding support during project vicissitudes.

#### PUSIYA DEVI, A POULTRY FARMER

*Pusiya Devi, a lanky lady aged around 50, had a difficult time providing meals for her family from the 50 decimals of land that she owned and another 60 decimals of leased land that she tilled. With her husband unable to work due to old age and poor health, she had taken up the responsibility of rearing her family.*

*The initial hurdles in starting the enterprise came in the form of objections from her family, who were against poultry rearing. However, her exposure visit to the business and a ten-day residential training in Bokaro in April 2010 convinced her to take up the activity. Her commitment grew when she heard that she could earn around Rs 5,000 per batch. Perhaps, because her host in Bokaro was one of the best producers and would have earned that amount, it was her firm belief that she would get around Rs 5,000 per batch from poultry as a net income. Pusiya Devi went back to her village along with the other members of her Cluster, with a firm belief that she was going to be successful in her venture.*

*Infused with excitement, she completed her shed and placed the first batch of chicks around December 2010. During the rearing phase, the District Development Commissioner (DDC) and District Development Managers (DDM), NABARD, visited the Cluster and shared their views about the potential of this activity to earn as much as Rs 5,000 per cycle. Her understanding about the profitability was further reinforced. Pusiya Devi now had no doubts about being able to earn Rs 5,000 within a few weeks of beginning work.*

*But her hopes were shattered when her first batch fetched her only Rs 1,431 as net income. The rate of mortality and the Feed Conversion Ratio (FCR) were high and the weight of the birds was around 1.2 kg. Her disappointment and disillusionment, when faced with this reality, almost led her to give up the activity. She blamed PRADAN for causing her loss. Extremely upset with the returns, she decided not to participate anymore. A few meetings were organized with all the producers, where queries on business economics were addressed. After about thirty days or so, a second batch of birds was placed in this tiny village named Jamjori under the Paraspani panchayat, about 12 km from the district headquarters.*

*Recovering from the disappointment of the failure of her first batch and putting it down to a learning experience, she invested in the project once more. The second batch of rearing fetched her an income of Rs 4,101, which made her believe in the business again. Pusiya Devi has reared 12 batch cycles so far and has had a net profit of Rs 35,813 at the rate of Rs 2,984 per batch with an investment of about half a day's engagement for 38 days, per batch. Owing to the profits earned from the business, her son and daughter-in-law both are now pursuing a Bachelors Course.*