

# **PRADAN–Kesla Poultry Samiti: Enhancing the Income of Tribals**

*In a region characterized by extreme poverty, rainfed agriculture, distress migration and alcoholism, non-farm livelihood interventions such as poultry rearing came as a ray of hope to the tribals, enhancing their income and self esteem*

## **KESLA POULTRY SAMITI (KPS) AT A GLANCE**

Although KPS was formed in May 1993, as a collective of small poultry producers in Kesla in Madhya Pradesh, it was formally registered on 11 June 2001 under the Mutually Aided Co-operatives Act (MACS) as Kesla Poultry Sahkarita Maryadit. It has 605 members spread over 16 clusters and 32 villages of Kesla and Shahpur blocks of Hoshangabad and Betul districts. In 2009–10, KPS recorded sales of Rs 14.01 crores and achieved a net profit of more than Rs 10.37 lakhs. More than Rs 3.13 crores was distributed among the members. The services provided by the Samiti to its members include day old chick placement, veterinary assistance, production and distribution of feed and other inputs, training of new members, and the lifting and marketing of birds. KPS has a staff of 36, headed by a CEO, who reports to the Governing Board, comprising elected representatives from each cluster of villages. KPS is also a member of a Producers' Company of six PRADAN-promoted poultry co-operatives in Madhya Pradesh.

## **THE EVOLUTION OF KPS**

The predominantly tribal Kesla block in Hoshangabad district of MP was characterized by extreme poverty, rainfed agriculture with low productivity, distress migration and alcoholism. PRADAN selected Kesla for its non-farm livelihood interventions aimed at enhancing the incomes of tribals, based on their survey of the poorest districts in 1985. Of the list of potential activities suggested by interns from IRMA, three activities, including poultry, were favoured because the tribals in Kesla were familiar with rearing small numbers of indigenous chicken and PRADAN had a veterinary doctor in the team based in nearby Sukhtawa, who could support the programme.

In 1986, PRADAN introduced the cockerel breed of poultry in 20 families in a nearby village and all inputs were provided free of cost; the rearers were paid Rs 1.50 per bird for rearing a batch of 50 chickens (later raised to 100 birds in 1988) in cages for 80–90 days. Most of the work, including marketing, was done by the project staff. Later, they also experimented with Croiler and Giriraj breeds which they discontinued after just

two or three batches. Because the earnings of the rearer were low, rearing chicken was deemed to be only a supplementary activity. Measures such as linking payment to live birds, differential rates based on the weight of the bird resulted in inculcating a sense of accountability and responsibility among rearers.

The community resource persons (CRPs) hired during this period were later recruited as employees. They played a significant role in promoting poultry in the region and evolved as para-vets and cluster supervisors, handling important roles in the co-operative.

However, because of poor returns, many producers dropped out. Meanwhile, PRADAN not only converged with a government poverty alleviation scheme (IRDPA) but also extended loans to the tribals to construct sheds to rear the birds. Ultimately it had to write off the loans; producers could not repay the loans because of problems such as inadequate working capital, mis-management by the producers, bureaucratic delays by banks and delays in payment by buyers. After persisting with cockerels till April 1991, PRADAN realized, during an exposure visit to the successful poultry industry in Tamil Nadu, that such breeds were unsuitable for smallholders. Significant achievements of this period, however, included learning to control diseases and building rapport with the local communities and traders.

PRADAN, was convinced that poultry was a viable activity for the tribals. Based on the advice of the industry experts, PRADAN switched to the more popular broiler variety because the chickens gain more weight in less time. Broilers require a technology intensive production process and Joseph, an experienced

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and highly motivated person from South India, was hired in 1992, to provide technical support to the tribals. During his four years of work in Kesla, he introduced vaccination, medicines and the appropriate technology for rearing broilers, which led to changes in shed-design, management practices

and rigorous quality parameters. By working closely with the producers in the field, he succeeded in arousing interest in poultry.

Inadequate working capital and producers operating only as individual units were the hurdles that needed to be overcome for better procurement and for improving productivity at the farmer level. The idea of forming a collective of poultry producers was discussed in a meeting of producers in Kesla in May 1993; out of this was born the decision to form Kesla Poultry Samiti (KPS).

KPS started with the bulk purchase of chicks and inputs on credit, gradually stabilized the production system, and established useful procurement linkages. New members were selected jointly by the existing members and supervisors, and were given hands-on training during which they had to stay on campus for 35 days and raise a complete batch of birds. The supervisors were paid by KPS whereas PRADAN took care of the compensation for Joseph and the poultry in-charge. Just as KPS was showing progress, Joseph left in 1996 and the monitoring of production declined, which led to losing control over the market.

The new PRADAN team leaders, who had a strong background in management and experience in promoting SHGs, took over in Kesla in 1997, and they realized that the poor state of accounts, lack of integrity in members'

transactions with their collective, and producers' suffering losses when market prices fell were some of the major problems afflicting KPS. They began to address each issue by working on the business model (focussing on the batch size that had been increased to 250 birds, loan repayment and margins) and the introduction of Producer Cards, to ensure transparency in transactions. The process of delinking production from marketing, in which the individual producers are insulated from price fluctuations in the market, strengthening of governance through the *Sanchalak Mandal* (Board comprising elected women, cluster-level representatives of poultry producers) and the promotion of women's SHGs contributed greatly to the success of KPS. By 2001, with more than 200 SHGs in place, the women organized themselves at the hamlet level and improved their confidence and entrepreneurial skills. In addition, the democratic processes followed in the federation of SHGs helped them realize their identity and role as owners of their collective, resulting in the enhanced levels of participation in the monthly meetings of the *Sanchalak Mandal*.

KPS was registered as a co-operative in June 2001. Its Board has 16 members—representatives of various production clusters. Its Board members, the President and the Vice President are elected for three years. The Board meets monthly.

From 2000 onwards, there were significant improvements in production (the capacity increased from 3,000 to 15,000 chicks. Efficiency increased from 30 to 70 per cent, and there was an increase of one additional cycle per producer). There were improvements in marketing as well, (sales were changed from credit to cash, strong and reliable relations were established with retailers, yielding results

in the long term) and by 2003, they were fully streamlined by implementing the zero credit policy in sales. The Summer Assurance Programme and Efficiency Index System were also started for the producers (to prevent producers from incurring losses in summer due to higher mortality and lower weight gain of the chickens and reward producers for performance, in terms of Feed Conversion Ratio).

All these measures resulted in an increased membership of the Samiti to 400 and the annual turnover to about Rs five crores by 2007. Quality monitoring systems were introduced for purchases, stores, production and sales in 2008–09. By the time they hired the third Manager for KPS as CEO, the *Sanchalak Mandal* started exercising its rightful role over the operations. Since 2007, KPS is characterized by an expansion in membership. Members have doubled their rearing capacity by creating additional sheds through their own savings and loans from banks and other financing organizations. The programme has been replicated in other areas in the state as well as in other states. One of the significant innovations has been in the vertical integration in the supply chain as well as a backward integration. Supporting associate three-tier structures have been established that control governance, investments have been made in designing processes and systems, to enhance the ownership and active participation of members to run the programme, and efforts are being made to attract and induct more competent professionals.

KPS is a member of the state-level federation of poultry co-operatives, promoted by PRADAN. KPS benefits from the supervision and inputs provided by PRADAN to the management and the governance structure whenever needed.