

PROBLEMS FACED BY CONTRACT BROILER POULTRY FARMERS IN TIRUPATI

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ABSTRACT

Poultry farming in India have proven to be capable of enhancing both the productivity per hectare and the productivity per head in agricultural sector. Among poultry farming, broiler breeding through the application of modern technology has been found to be warmly welcomed by the agriculturists and others. The research was conceived to investigate the constraints encountered by broiler contract farmers in Tirupati block of Chittoor district in Andhra Pradesh. A total of 206 broiler contract farmers were randomly selected for the research. A scheduled interview schedule was prepared and administered to the broiler contract farmers.

The study's findings revealed that high rearing costs, high labour costs, low prices paid by the company, high input costs, delayed payment, seasonal labour shortages, and delays in chick delivery were viewed as important constraints by broiler contract farmers. Based on the findings the following strategies to overcome the constraints were recommended. They are contract farming should be made legal through appropriate laws; there should be financial support from banks to small and marginal farmers on easy terms, the formation of contract farmers associations or cooperatives at the district/regional level to ensure the smooth operation of contract farming, and organizing regular technical training programmes.

INTRODUCTION

India with over 60% of its living in villages has not found out alternate livelihood for its rural poor, where farmers live in abject poverty due to frequent failure of monsoon, resulting in crop loss and financial loss. The Indian poultry market, consisting of broilers and eggs was worth INR 1,750 billion in 2018. The market is further projected to reach INR 4,340 billion by 2024, growing at a CAGR of 16.2% during 2019-2024. Poultry sector in India is valued at about Rs. 80,000 crore (2015-16) broadly divided into two sub-sectors – one with a highly organized commercial sector with about 80% of the total market share (say, Rs. 64,000 crore) and the other being unorganized with about 20% of the total market share of Rs. 16,000 Crore. The unorganized sector also referred to as backyard poultry plays a key role in supplementary income generation and family nutrition to the poorest of the poor.

The Poultry Industry is contributing about Rs.70,000/- crores to the national GDP and providing employment to more than 4 million people either directly or indirectly. About 2-2.5 million tons of poultry litter, a valuable organic fertilizer, is produced as a byproduct every year. The poultry industry is concentrated in certain pockets of the country. The State of Andhra Pradesh, Telangana, Tamil Nadu lead the country followed by Maharashtra, Punjab and West Bengal. Poultry farming in India have proven to be capable of enhancing both the productivity per hectare and the productivity per head in agricultural sector. Among poultry farming, broiler breeding through the application of modern technology has been found to be warmly welcomed by the agriculturists and others. The farmers without any investment and marketing risk of selling the produce – chicken get extra income once in 45 days, throughout the year. With the growth in urban population, strong belief in good and clean food habits, increased income and higher purchasing power, the chicken industry has been growing phenomenally, thereby making the lives of farmers happier and richer.

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.

OBJECTIVES OF THE STUDY

1. To find out the reason to start the broiler contract farming in Tirupati.
2. To analyze the broiler contract farmers’ business performance.
3. To appraise the broiler contract farmer opinion on the problems existing in poultry business in Tirupati.
4. To offer suggestions based on the findings of the study.

METHODOLOGY

The present study is based on both the primary and secondary data. The primary data have been collected from the sample respondents of the study area. A structured interview schedule has been used to assess the opinion of broiler contract farmers for the study. The secondary data are collected from various books, journals, magazines, reports, records and so on.

REASONS FOR STARTING BROILER CONTRACT FARMERS - FRIEDMAN TEST

Some of the recent initiatives taken by the Government to this sector and incentives for promoting farmers investment in the form of interest subsidy and reduced bank loan interest. At this point, the researcher has collected the opinion of the respondents regarding the reasons behind starting the poultry farming. In order to find out the respondents’ priority on these variables, the researcher has applied the Friedman test.⁸Based on the mean rank it is identified why the respondents have chosen of this business. Here, the null hypothesis is that there is no significant difference among the ranks provided by the respondents.

TABLE: 1

REASONS TO DOING POULTRY FARMING - FRIEDMAN TEST

Particulars	Mean Rank	Std. Deviation	Chi-Square	df	Significant Level at 0.05 (N=206)
Long Term Business Scope	1.97	0.826	456.764	5	0.000
Availability of resources	4.19	1.237			
Low Labour Cost	2.22	0.957			
For Availing Government Subsidies	4.74	1.268			
To Belong Native	3.06	1.820			
Additional Income	4.82	1.259			

Source: Primary Data

The above table shows that the P value is less than 0.05; hence the null hypothesis is rejected at five per cent significant level. Therefore, it is concluded that there is significant difference among the mean ranks assigned by the respondents towards reasons for doing business.

on the mean rank, it is understood that respondents have preferred long term business scope followed by low labour cost and native place of the respondents being in third position. Likewise, each variable stands in its position based on the mean rank.

STATUS OF BUSINESS OF THE RESPONDENTS

Profit is one of the main yardsticks for measuring business. All business enterprise require profit unless they cannot with stand. The broiler contract farmers are asked to fill their status in the questionnaire. Their status are given is the questionnaire namely loss making and no progress at all.

TABLE: 2

STATUS OF THE BUSINESS

Sl.No.	Particulars	No. of Respondents	Percentage to Total
1	Making good profits	55	26.7
2	Making Marginal Profits	76	36.9
3	Loss Making	26	12.6
4	No progress	49	23.8
Total		206	100.0

Source: Primary Data

Table 2 analyses the opinion of the respondents about their current status of business. Out of 206 respondents 26.7 per cent of them have made good profits through their business, 36.9 per cent have got marginal profits, 12.6 percent of the respondents have met with losses and for 23.8 percent of the respondents they are yet to progress in business. It is understood from the table that majority (63.6 %) of the respondents are doing good business with good profits.

CAUSES FOR NOT ATTAINING SUCCESS

An entrepreneur’s main motive is to become a successful businessman in his career. But due to some unfavourable situations they may not be able to reach the breakeven point. The research study has identified the causes for not attaining the BEP, as heavy competition, seasonal issues, insufficient resources, lack of funds and lack of advanced technology. In this scenario, the researcher wants to know the respondents’ opinion on the reasons behind not attaining the breaking even point, by using the Likert scaling technique.⁴

Likert scaling technique is one of the techniques used to find out the reason that has highly affected the BEP. The weightage is given to each column ranging from five to one in order to find out the highest average value.

Weightage value = (SA*5 + A*4 + NO OP*3 + D*2 + SDA*1)

SA = Strongly Agreed, **A** = Agreed, **NO OP** = No Opinion, **D** = Disagreed,

SDA = Strongly Disagreed

TABLE: 3: REASONS BEHIND NOT ATTAINING SUCCESS - LIKERT SCALING TECHNIQUE

Sl No	Reasons	SA	A	NO OP	D	SDA	Likert Value	Total	Average
1	Low growing charges	29	11	4	3	1	208	48	4.3
2	High electricity charges	15	25	6	0	2	195	48	4.1
3	Lack of Advertisement	25	11	10	1	1	202	48	4.2
4	Labour charges	21	11	10	3	3	188	48	3.91
5	Seasonal issues	35	13	0	0	0	227	48	4.7
6	Insufficient resources	24	3	18	2	1	191	48	3.9
7	Lack of funds	38	10	0	0	0	230	48	4.8
8	Lack of advanced technology	9	6	3	14	16	122	48	2.5

Source: Primary Data

The above table depicts the respondents’ opinion regarding the causes for not achieving the BEP. Based on the Likert Value, it is found that lack of funds , followed by seasonal issues are the main causes. The rest of the causes have less value than the other causes.

SUGGESTIONS

Based on the study, the following recommendations are made: The major factors affecting the contract farmers, as revealed by the study are “low growing charges”, and “high electricity rates”. The contract farmers are not satisfied with the current rate growing charges given by the integrators as it is not sufficient to meet the growing expenses of coal, electricity, labour charges. Integrator has to treat the farmers as equals and share poultry knowledge, production and marketing techniques with them to create a win-win situation. This would boost up the morale of farmers and they will remain with the integrator forever as loyal company farmers.

CONCLUSION

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.

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