



Role of Banking Sector in Poultry Industry

E. Shanmugam

Banking industry has been supporting the poultry mainly for the initial investment cost as well as for the initial cycle of working capital. Subsequent requirements of the industry are given less or nil importance resulting in difficulties to the industry.

Heavy concentration of poultry units only in certain pockets resulted in unhealthy competition leading to disinclination for fresh investment flow to the sector.

Non-availability of maize at reasonable prices has hiked up the poultry feed and consequent cost of production. However, there is no corresponding increase in the sale price of eggs and poultry meat. If we compare the increase in the prices of vegetable and fruits over the past 20 years, it can definitely be said that the increase in the price of poultry products has been much less. It is high time that the consumers willingly agree for an increase in the price of eggs and poultry meat.

There is a vicious circle of heavy concentration of poultry units leading to more demand for feed and feed material.

Insurance of birds is found to be a difficult proposition to the industry.

NABARD has suggested that banks may explore the possibility of setting up a risk or mortality fund.

As regard the industry's issues viz., high cost of construction, we have to state that the high cost is inevitable and only economics of scale with help them to come out of the problem.

Not complying distance norms itself often indicated as one of the issues by the banks and there is no other way except to ensure that the industry adhered to the distance norms.

Banks may also consider providing some financial assistance to egg dealers subject to the usual norms including the collateral security, so that the dealers may be in a position to pay the dues to the producers within reasonable time of less than one month.

With availability of subsidy, both under Central Government scheme being implemented through NABARD and the State Government scheme wherein capital subsidy is available for cold storage, individual entrepreneurs may consider setting up of cold storage units even in the production centres so that the farmers can avoid distress sale of eggs.

Some time the industry feels that the period of loan prescribed by banks for term loans is very rude and as indicated by the working group in its recommendations, banks may consider increasing the loan period.

Role of banks in poultry development

Growth of poultry from the stage of backyard poultry in the early seventies to large scale commercial units as of now would not have been possible but for the active support extended by banking sector. In recent times, poultry industry talks in terms of environmental control, automatic breeders and waterers, adoption of cages system in almost all cases, with the erstwhile deep litter system having been given the go by. Poultry industry has emerged as a strong sector for export. From India, not only eggs are exported but also the hatching eggs, commercial chicks and broiler meat.

The white meat which was costlier than red meat has driven away the red meat not only in terms of quantity but also in terms of its qualities relating to

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low cholesterol and high protein value. Thus, chicken which was once a luxury has become a common man's food and now with the high cost of red meat, mutton has become a luxury which can be afforded only by a few.

Problems from the point of view of banking industry

Bankers look at the poultry industry as one of the major sources of deployment of credit. However, they are somewhat disillusioned by the increase in overdue in certain cases. The increase in overdue is due to the fact that the industry takes working capital and utilizes it for expansion which results in scarcity of resource for repayment of loan. Industry should always use the working capital only for meeting their day to day requirement and for any expansion of the existing unit, they should think on only term loans and convince the bankers to sanction term loans for the purpose. Fortunately, bankers are flush with funds and there is no question of running out of resources on account of scarcity. What the bankers require was viable business proposition ensuring prompt repayment.

Role of NABARD

NABARD have been extending refinance support to banks for financing poultry schemes such as (i) Breeding schemes

- pure line/grand parent breeding
- parent breeding farm-cum-hatchery
- (ii) Commercial production schemes
 - Egg production
 - Central Grower unit with satellite layer units
 - Broiler Meat production
 - Quail production
 - Duck farming
- (iii) Marketing schemes - Egg/broiler carts in rural and urban areas and manufacture of fast food products
 - Egg processing
 - Integrated schemes - hatchery cum broiler rearing cum processing unit
- (iv) Infrastructural development schemes
 - Production of specific pathogen free (SPF)

eggs

- production of poultry vaccines
- production of animal health products and medicines
- poultry feed plants
- (v) Schemes for by products
 - Shuttle cocks from poultry feathers
 - Conversion of by-product into meal
- (vi) Innovative schemes - Amino acids from poultry feathers
 - Utilization of poultry droppings as an ingredient in livestock feed
- (vii) Innovative technologies incorporated
 - Cage system / slab flooring
 - Environmentally controlled system of housing
 - Automatic feeders/drinkers
 - Foggers and sprinklers
 - Gas broodings
 - AI in poultry breeding
 - Modernised incubators
 - Water and effluent treatment plants

R & D Assistance

NABARD have extended grant from R & D fund to (I) PDRC - a division of Venkateshwara Hatcheries, for conducting studies on incidence, prevalence of Egg Drop Syndrome (EDS-76) and evolve suitable vaccine against the disease. (ii) For establishing Institute of Poultry Management of India - later renamed it as Dr.B.V.Rao Institute of Poultry Management and Technology

Working Group of Poultry Farming

NABARD had constituted a "Working Group on Poultry Farming" to study the current status of poultry in high concentrated areas, to analyse growth and distribution pattern infrastructure facilities, existing management practices and to suggest policy measures for streamlining the layer farming. The Group has conducted field studies in the highly concentrated areas such as Namakkal in Tamilnadu, Hyderabad, Tanuku, Anaparthi and Nellore in andhra Pradesh, Ajmer in Rajasthan, Barwala in Haryana; Ludhiana



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in Punjab; Akulj/Vita in Maharashtra - analysed the data and came out with specific recommendations on biosecurity, infrastructural development, management, marketing, HRD and financial aspects. Bankers have been advised to ensure the adoption of biosecurity norms in poultry farms, constitution of risk/mortality fund, fixation of repayment schedules basing on cash flow, extending working capital and extending term loan for separating the brooding, growing and laying operations.

Recommendations of the working group

While restricting growth rate to 8 to 10 per cent in layer sector and 15 to 20 per cent in broiler sector, schemes on

- Encouraging maize cultivation by fixing the scale of finance.
- Extending working capital or cash credit for stor-

age of feed ingredients.

- Extending finance for marketing schemes such as egg carts, broiler carts to improve their marketing in rural areas which are solar untapped.
- Integrated processing schemes with market tie up are to be encouraged.

Hatching eggs, commercial chicks, table eggs and poultry meat - whole, cut up party portions, are the potential products for export. Consumer education with regard to quality aspects is to be taken up within the country to improve domestic demand. Cold storages have been established mostly in the consumption centers, but they are to be set up in production centers also to help poultry farmers with the assistance from Government of India / State Government and banks.



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is through rodents like bandicoots, rats, etc. It is estimated that a rat will eat away about 10-15 kg feed in a year. This coupled with their prolific multiplication cause considerable loss of feed.

(c) Feed quality

Even with best of breed and other management factors, optimum efficiency cannot be achieved unless fed with quality feed. Feed quality is largely depended on the quality of ingredients that make up the final feed. Therefore, use of quality feed ingredients in feed formulation and production should be ensured. For best growth rate, egg production and feed efficiency, the feed must be concentrated sources of nutrients and energy for specific category, low in fibre, free from toxins, palatable and fresh.

(d) Temperature inside poultry house

The temperature inside the poultry house influences both feed consumption and conversion efficiency. Hot environment adversely affects both. The comfortable air temperature appears to be between 18° and 24°C.

(e) Feed processing

Certain processing methods of feed manufacture such as pelleting, micronisation, maceration, expansion, extrusion, flaking etc. improves availability of nutrients and therefore improves efficiency of feed conversion.

B. Biological factors

The absorption and/or availability of nutrients from poultry feed can be positively improved by addition of certain feed additives. This influences feed efficiency.

(a) Performance enhancers

Addition of certain non-nutrient feed supplements in the feed improves performance. The common ones are antimicrobials such as antibiotics, arsenicals and furazolidone compounds and Direct Feed Microbials (DFM) such as lactobacillus, Bifidobacterium, Aspergillus, Clostridium. These act either by suppressing the growth of harmful microbes in the gut or by competitive exclusion basis thus producing most favourable atmosphere in the gut for optimal nutrient absorption.

(b) Feed enzymes

The chicken digestive tract has either insufficient quantity or not secreting certain enzymes. Further the presence of some of the anti-nutritional factors inhibit the use of even available nutrients. Feed enzymes at commercial cost are now available and are slowly beginning to be a part of poultry feeding. The use of these enzymes either singly or as a cocktail has shown that it improves efficiency of feed utilization. Some common examples are amylase, xylanase, β glucanases, phylase etc.

When the profitability of poultry production becomes marginal, input cost need to be subjected to strict scrutiny and strong cost benefit decisions should be taken to sustain the business.

