



**Poultry as a Livelihood Opportunity – Two Case Studies –
Kesla and Suguna**

**Poultry to Support Income Enhancement and Livelihoods:
A Comparison between Kesla and Suguna Poultry Models**

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May 2021

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Poultry to Support Income Enhancement and Livelihoods: A Comparison between Kesla and Suguna Poultry Models, and Exploring another Model for Landless Households

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<i>Different Population Segments Need Different Promotional Strategies Error! Bookmark not defined.</i>	

Poultry for Enhancing Livelihoods of the Poor & Increasing Farmer Incomes

Expanding Market

Poultry as an industry has started playing an important role in generating and supporting livelihoods of a large number of people. The Indian poultry market, consisting of broilers and eggs, was worth INR 1,750 Billion in 2018. Consumption of poultry in India is reported at 3.5 kg per capita in 2020, while it was only 0.5 kg per capita per annum in 2001, growing at compounded growth rate higher than 15% per annum¹. As this is way below the World Average of 31.7 kg per capita per annum, a large scope of growth of the market exists in coming years. The market is further projected to reach INR 4,340 Billion by 2024, growing at a CAGR of 16.2% during 2019-2024.²

Expansion of the middle class in India is helping to boost the demand for more plentiful and less costly proteins namely, chicken meat. Because of its huge population of 1.3 billion, even a small rise in average uptake will translate into a large increase in the total volume of chicken eaten. Other factors favouring chicken consumption are increasing employment levels and incomes, increase in urban population, a growing demand for ready-to-eat products, a rise in the number of quick-service establishments and a general preference for poultry over other meats on a price basis, with declining real price of chicken-protein and in some instances cultural and religious reasons.

Ease of Starting Poultry Business

Poultry business can be started with a small capital investment, usually less than Rs 500,000 and rarely exceeding Rs 5 crore. Small-Holder poultry does not require large land plots. Getting bank loans for small-holder poultry under various schemes is not very difficult. Poultry also starts giving returns in short time period and it is simple to maintain, with processes that can be picked up by those engaged in farming easily. Poultry does not require licences, making statutory compliance easier. Key inputs like day old chicks, feed, vaccines, medicines, and equipment are widely available.

The Government of India in its National Action Plan for Egg and Poultry - For Doubling Farmers' Income by 2022³ has identified poultry as a potential area of intervention for doubling farmers' income by 2022. Several state governments have programs for supporting poultry. For example, West Bengal gives capital subsidy up to Rs 80 lakh.⁴ ICAR poultry research institutions, Agricultural Universities, Krishi Vigyan Kendras, government development agencies and several NGOs, offer training, inputs and advisory support to producers, usually for free. Thus poultry is an ideal activity for promoting livelihoods for the poor and rural diversification enterprises for the middle farmers.

¹ (<https://data.oecd.org/agroutput/meat-consumption.htm>)

² (<https://www.pashudhanpraharee.com/status-of-poultry-production-in-india/>)

³ <http://www.dahd.nic.in/sites/default/files/Seeking%20Comments%20on%20National%20Action%20Plan-%20Poultry-%202022%20by%2012-12-2017.pdf>)

⁴ <http://www.wbpoultryfederation.org/Admin/UploadDocument/News/YYYY05190246.pdf>

Types of Poultry Farmers in India

However, it needs to be recognized that poultry farmers in India have a significant variation in their ability to make initial capital investment and in terms of personal time they can devote for poultry activities. As the two cases illustrate, the steps required for two different groups of farmers are very different. It will be unwise to poultry growers into one category. We need to classify poultry growers into five categories, namely – Landless households and Marginal and Small Farmers without homestead land (badi), Marginal and Small farmers with badis, Commercial/Large farmers, Standalone farms, and Corporates. The absence of homestead land means that the spare time, particularly of women, cannot be used and explains why the dense UP-Bihar belt has little backyard poultry as most poor households do not have homestead land. West Bengal is also dense but it long ago adopted the cage system which is economical in terms of space.

For such households, there have been several efforts to promote and support backyard poultry, with 5 to 10 birds in the homestead land. At the least it increases their nutrition; and helps augment their cashflow and income. Several breeds like Kadaknath have been developed for backyard poultry.

	Farmer Category	Ability to Invest		Some Significant Services Provided
		Financial	Own Time	
1	Landless households and Marginal & Small Farmers without homestead land (badi)	Negligible		Supply of DoC, Feed, Medicine, Collective Marketing Markets that can be tapped
2	Marginal & Small Farmers with homestead land (badi)	Up to Rs. 50,000 and homestead land (badi)	1-2 hrs-a-day dovetailing with other activities	Supply of DoC, Feed, Medicine, Centralized Marketing, Aligning production system to projected demand in market. Kesla type of "foster entrepreneurship" required.
3	Commercial/Large Farmers	Up to Rs. 50 lakh and land	Supervision of hired labour	Tie up with commercial hatcheries, Feed and Medicine suppliers, Internal veterinarian, and tie up with Wholesalers. Access to bank loans. Contract farming preferred like Suguna as it de-risks the producers.
4	Large stand-alone poultry farms	Up to Rs. 50 crore	Professionals run these with hired labour	Same as above except at a much larger scale.
5	Corporates	Up to Rs. 500 crore	Professionally managed	Often do not do bird rearing but are into inputs or outputs

Comparison between Kesla and Suguna Poultry Models

We have looked at two different models of intervention in poultry that has contributed significantly in enhancing the poultry business in rural areas.

Item	Kesla Poultry	Suguna Poultry
	Kesla Women's Broiler Poultry Producers' Cooperative Ltd. Federated into Madhya Pradesh Women Poultry Producer Company Ltd. (MPWPCL) with other women's co-operatives	Suguna Foods Pvt. Ltd. Completely owned subsidiary of Suguna Holdings Private Limited
Year of establishment	1985	1984
Primary Initiator	Vijay Mahajan, B.Tech, MBA, Sankar Datta, BSc (Ag), MBA, Pradeep Bose, BVSc (AH & Vet), MBA. Joseph – college drop out. Later Dr Deka and Dr Mridul, both MVSc.	B Soundararajan, Higher Secondary G B Sundararajan, Higher Sec.
The Goal	To make poultry as a source of income for small and marginal producers	To make commercial poultry into a viable business proposition in India
Current Turnover	Rs. 525 cores in 2019-20	Rs. 9,000 crore by 2019-20
Number of Growers	14,000 +	40,000 +
Common facilities	All central facilities, including feed-mill, hatchery, owned by the Co-operatives/ Producer Company which are owned by the producer	All central facilities, including feed-mill, hatchery, pharmaceuticals owned by the Company owned by investors.
Production sheds	Production sheds owned by individual growers.	Production sheds owned by individual growers.
Ownership	Equally held by 14,000 + growers	Ownership rests with 6 major shareholders and a few minor shareholders

Item	Kesla Poultry	Suguna Poultry
Client Group	Very small producers, who aspire to get not more than Rs. 200 per day. (i) She must have a Below-Poverty-Level (BPL) certification from the government and (ii) all her other sources of income together should not give her an income of more than Rs. 150/day.	Small producers who cannot keep more than 20,000 birds, but has the ability make initial investment for at least a 1,000-bird poultry-shed, which at today's cost would involve an investment of Rs. 5 to 10 lakhs.
Initial Capital	Soft capital: Grants/ Subsidies under different schemes	Private sources.
Primary Entrepreneurial functions	Tap soft capital for poor producers Refine business model based on what could be done by the tribal	Tap new markets Refine the business model based on changes in the context
	Adapt and adopt production technology and Align production system from eggs to chicks to fully grown birds, along with their feed requirement based on the seasonal capability of producers in different locations.	Align production system from eggs to chicks to fully grown birds, along with their feed requirement based on the projected demand in the market.
Professional Support	High quality professionals employed to guide the operating team but serving the very poor in backward locations. Strong induction process building the value to serve the poor, in addition to maintaining technical standards in less endowed locations.	High quality professionals employed to guide the operating team. Induction focuses on technical excellence, with global benchmark.
Operations Strategy	To acquire very high-quality ingredients from different parts of the world. Continue to procure from some local agent. Surplus capital invested for strengthening producer infrastructure in the location of the producer clusters, and not expanding their business in other areas.	To acquire very high-quality ingredients from different parts of the world. Adopts an interesting strategy: Procure through Some Local (to the country of origin of the product they are looking for) Agent – Set up own subsidiary to Procure and Process – Explore Market for Suguna Products
Customer Segment	Small local towns untapped by commercial poultry, but where tribal youth could go comfortably, slowly moving to larger towns	Urban Client from Metros to large town downwards

Item	Kesla Poultry	Suguna Poultry
Production Technology	Quite adopted to the local conditions, differing from area to area, in accordance with the capabilities of the tribal growers. Sophisticated production technologies deployed for production of Day-Old-Chick (DOC), Hatched birds and Feed production.	Fairly well developed, with stringent supervision by Suguna Staff visiting growers' premises every day. Sophisticated production technologies deployed for production of Day-Old-Chick (DOC), Feed production and production of poultry health-care items.
Awareness amongst growers	Though growers completely insulated from the market risks, due to constant producer education efforts, at least the elected representatives of the growers, who also came from humble backgrounds were quite aware of the market dynamics.	As growers completely insulated from the market risks, the few interacted with, did not comprehend the market dynamics.

In summary, we can say that both models have valuable lessons for the goal of Growth with Employment in the Indian economy. While the Kesla model is aimed at enhancing the already diversified livelihoods portfolio of marginal and small farmers, getting them additional income using surplus labour and homestead land, the Suguna model is more suitable for middle farmers who want to become commercial rural entrepreneurs themselves or their next generation.