Contracted Lives and Livelihoods

In the hands of Poultry Integrators
Poultry Farmers and Meat in India

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Poultry in India: Some Statistics

- Total poultry population in India: 729.2 million (2012 census)
- One of the fastest growing sectors of Indian Agriculture: 5.57 % growth in egg production and and 11.44 % in broiler production
- Employment to 6.5 million people. 80 % directly by poultry farms
- Value of output US$10 billion in 2014. 1% of India’s GDP and 11.70 % of the GDP from the livestock sector
- 70-80% output from Poultry Industry and 20-30% from Peoples Markets (Backyard poultry of indigenous breeds raised primarily by women on their family farms 5-30 birds/family )
- In the Poultry Industry 67% of output is broilers and 33% eggs
- India : 4th largest poultry meat producer in the world, valued at US$ 6.6 billion (2014)
- Poultry meat : 1961: 0.069 m tons and in 2014: 3.725 m tons per capita availability of poultry meat: 2.8 kg
- Live meat forms 90-95% of total sales; 5-10% processed chicken
- 70% of total poultry production in Southern and Western India
Broiler Production: The March of Integrators and Contracted in Farmers

- Contract Farming began in India in 1995.
- In the last 10 years several Broiler enterprises have vertically integrated: Integrator Model, comprising 60-70 percent of all operations.
- Integrators Own: hatcheries, feed mills, slaughter facilities, sales outlets, veterinary, medicines, brands of processed chicken.
- Contract farming with multiple small farmers: 1: 20000 contracted.
- 36.7% of broiler production in India is under contract farming; 78% of the contracts are concentrated in Southern India.
- Balance are Non Contract Broiler Farmers

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Growing Monopolies by Fewer and Fewer Integrators: Top Integrators

- Venkateshwara Group hatcheries – (60% of broiler market and 80% of layer market)
- Suguna Poultry Farms Ltd: 20% of broiler
- CP-India (Charoen Pokphand Group)
- Pioneer Poultry Group
- Godrej Tyson Group
- Sky Lark group
- Jafa com feed
- Shanthi
- Sneha

Source of image: epaper.timesofindia.com
Who are the Contracted in Farmers?

- Young Males 25-35 age, many educated 10\textsuperscript{th}, 12\textsuperscript{th} stds, university degrees
- Caste: General: 37%, BC: 47%, SC/ST: 16%
- 35% primary occupation. 65% secondary
- Experience: 1-5 yrs: Integrators prefer less experienced so that they have greater power.
- Greater hired labour in CF
- Required fixed and working capital
- Birds: 5000-50000 birds.


Image source: DGMPS, Medak, Telangana, 2015
• Integrator supplies: day old chick, feed, medicines, veterinary supplements, vaccines, equipment, marketing, credit
• Contracted Farmer: space, shed, labour, infrastructure, water, etc
• Integrator owns the birds
• Payments: Growing charges, FCR (more with greater efficiency, penalised for higher cost of production, farmer loyalty and performance inventive, penalty for excess mortality over and above the 5%, shortage of birds recovery, all terms can be changed at discretion of company, TDS deducted at source

Image source: Contract Farm, Medak, Telangana, India. DGMPS, 2015
Completely Unfair Terms: privileging Integrator

- Unilateral contracts favoring Integrators
- Standards very high (FCR, Body Wt, Mortality) favor Integrator
- Contracts do not mention the standards and specifications of deliverables of the Company (chick starting wt, Feed, medicines, vaccines), health service provider, all impact final bird wt.
- No contract in local language and no contracted in farmer possesses a copy of the agreement
- Marketing margins accrue to the company
- Integrator does not cover loss incurred due to natural calamities: cyclones, droughts, earthquakes, fire, accidents etc.
- Lack of regulations/specifications on inputs
- Monopoly by a few companies
- High marketing risk and high production cost leading to withdrawal from poultry farming, volatile markets and control of markets by a few contract companies are major threats in NCBF.
- Contract Farmers do not make better profits than NCBFs; rather, it gives a lower but assured return


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Different Integrators: Identical Genetics
Highly Narrow Genetic Base across the Industry

Global Broiler Breeding controlled by 3 companies

• i) Erich Wesjohann (Germany)
• ii) Grimaud (France)
• iii) Cobb-Vantress (USA)- in alliance with Hendrix Genetics (Netherlands)

Global Layer Breeding controlled by 2 companies

• i) Hendrix Genetics (Netherlands) : 50% of the world's egg production
• ii) The Erich Wesjohann group (Germany) : The other 50%

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Different Integrators: Identical Genetics
Highly Narrow Genetic Base

Erich Wesjohann Group (Germany)

Layer Genetics
Hyline, Lohmann Tierzucht, H&N,

Suguna Poultry (India)
Layer: Lohmann LSL Lite

Suguna Poultry (India)
Broiler: Ross

Broiler Genetics
Aviagen (Ross, Acer Abor)

CP Global group began with collaboration with Abor Acer in 1970

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Different Integrators: Identical Genetics
Highly Narrow Genetic Base

Hendrix Genetics (Netherlands)

Cobb-Vantress (USA). It is a wholly owned subsidiary of Tyson Foods Inc.

ISA-Brown and White Layers Genetics
Isa, Shaver, Hisex, Bovan, Babcock, Dekalb

Venkateshwaran Hatheries (India)
Partnered with Babcock in 1980 to produce Layer: BV -300

Venkateshwaran Hatheries (India)
With Cobb-Vantress Broiler: Venn-Cobb

Godrej Tyson Foods (India)

Skylark Hatcheries (India)
Soul distributors of Bovan line

Anand Agro (India)
Santhi (India)
Komarla (India)
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Different Integrators: Identical Genetics
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Grimaud (France)

Hubbard (subsidiary)
(Broiler)

Pasupati Feed Mills
(India)
Hubbard line in India

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High Vulnerability for those at the end of the chain

- In India 65% of the total Broiler Market is Cobb (Venn-Cobb), sold by Venkateshwara Hatcheries.
- Venn Cobb is a partnership with USA Cobb Ventress.
- Venkateshwara sells Parent Stock to multiple Integrators in India.
- Narrow genetic base: High Vulnerability

Image source: sapplp.org