A large indoor poultry farm with many white chickens and red feeders. The farm has a high ceiling with a metal frame and large windows on the sides. The floor is dark and covered with chicken droppings. The chickens are densely packed, and the feeders are arranged in rows. The text is overlaid on the image.

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 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

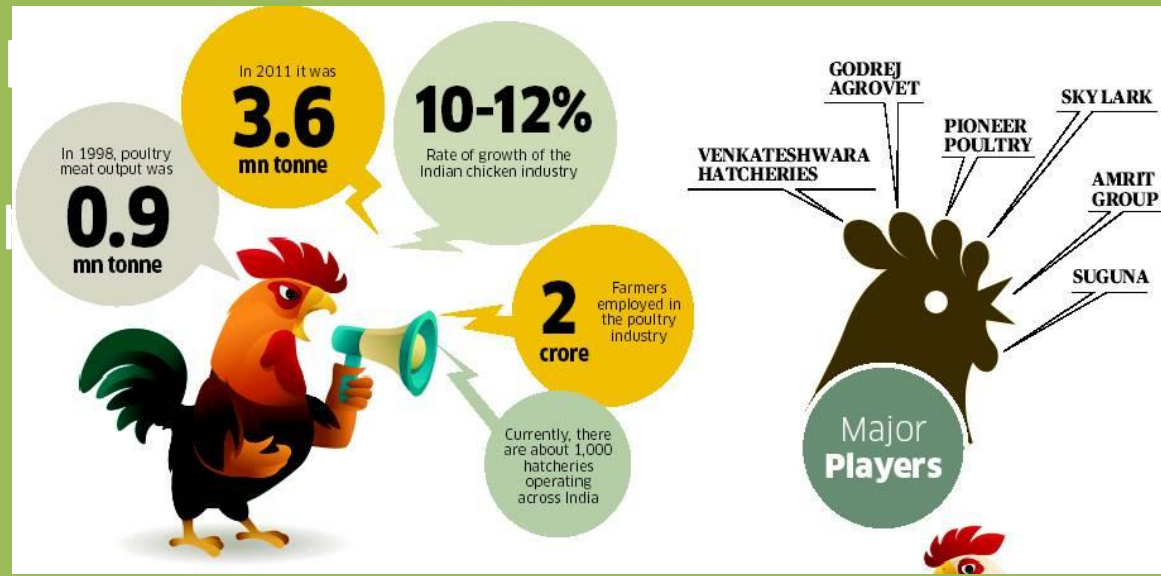
Broiler Production: The March of Integrators and Contracted in Farmers

- 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



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 Po Group)
- Pioneer Poultry Group
- Godrej Tyson Group
- Sky Lark group
- Jafa com feed
- Shanthi
- Sneha



Who are the Contracted in Farmers ?

- Young Males 25-35 age, many educated 10th,12th 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.



Source: MEAS Evaluation Report. Feed the Future. Sashidhar and Suvedi. June 2015 IGNOU University, India. Michigan University, USA

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 incentive, 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) favour 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

Different Integrators: Identical Genetics

Highly Narrow Genetic Base across the Industry

Global Broiler Breeding controlled by 3 companies

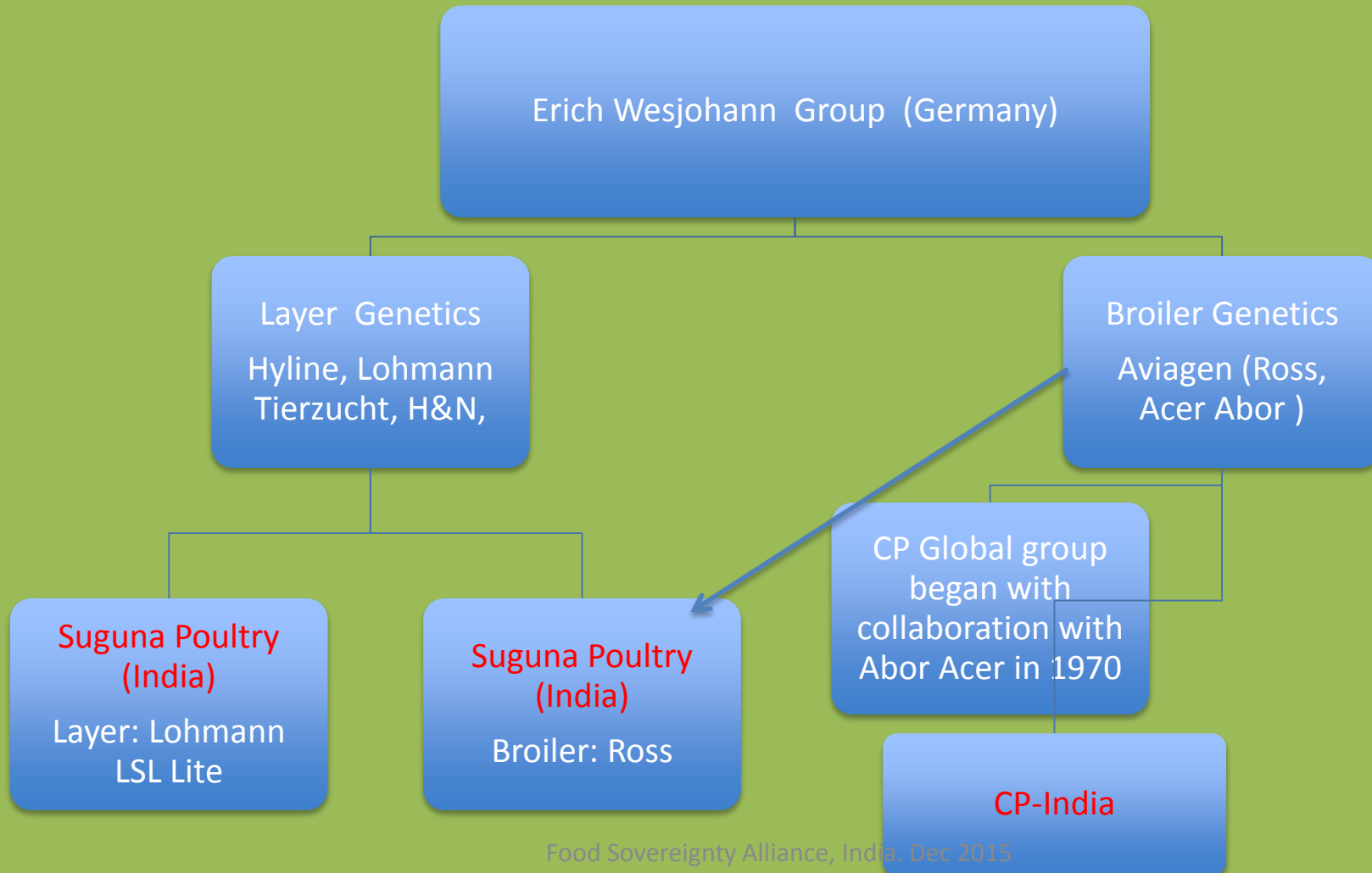
- **i) Erich Wesjohann (Germany)**
- **ii) Grimaud (France)**
- **iii) Cobb-Vantress (USA)- in alliance with Hendrix Genetics (Netherlands)**

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%**

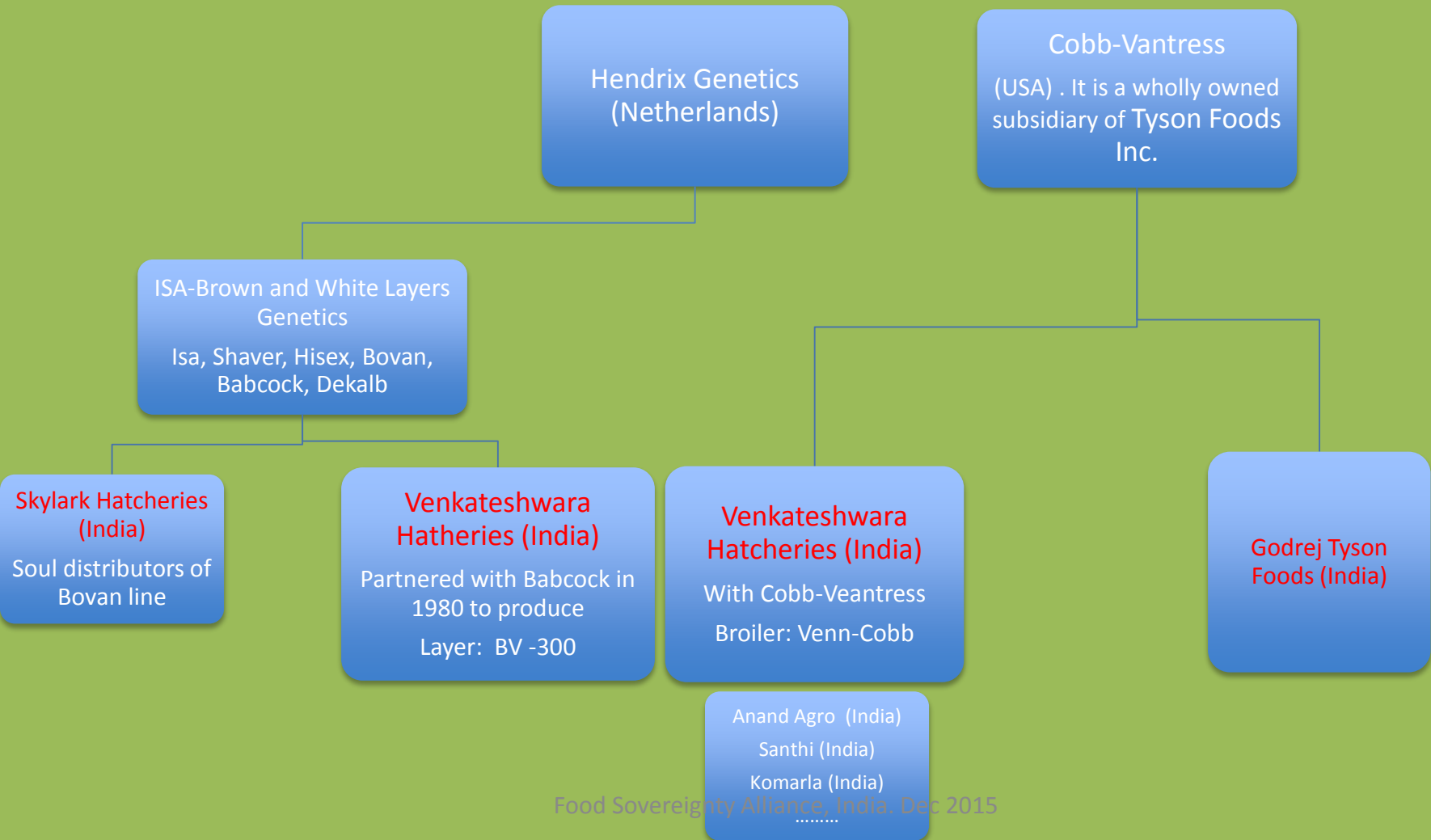
Different Integrators: Identical Genetics

Highly Narrow Genetic Base



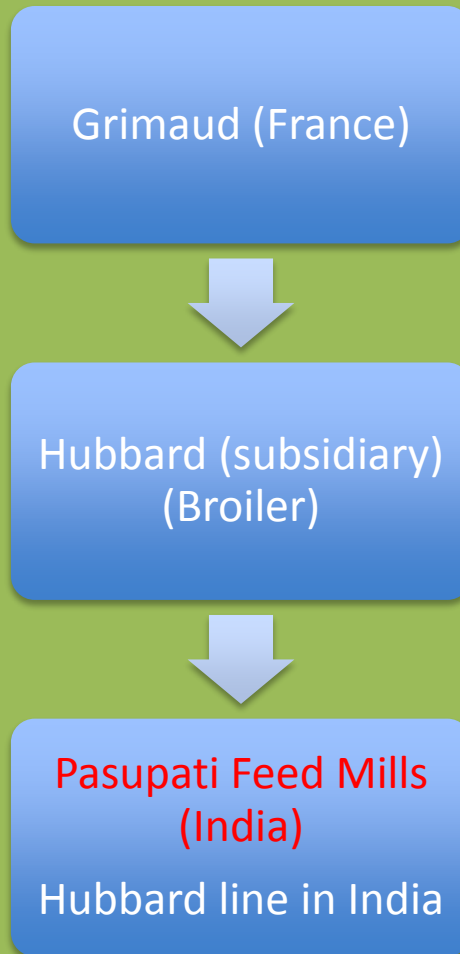
Different Integrators: Identical Genetics

Highly Narrow Genetic Base



Different Integrators: Identical Genetics

Highly Narrow Genetic Base



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