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Analysis on problems of poultry manufacturers and retailers in Namakkal district

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Abstract

Poultry is one of the important components of animal husbandry activities. Poultry refers to domestic fowl which are reared for flesh and egg and includes chickens, ducks, geese, turkeys, guinea fowl, etc. However, the most important member of the family is the chicken. There are two segments in the poultry industry comprising layers and broilers. Layers are the chickens reared especially for the production of eggs. These birds are kept in cages during their productive life cycle of 72 weeks. Once their productivity declines, they are sold in the market for human consumption. A layer is a thin, scrawny bird and fetches a lower price in the market compared with a broiler. Broilers are pumped with vitamins and proteins and have a life cycle of 10 weeks before they are sold as a quality chickens for table purpose. The purpose of this study is to analyze the problems in the poultry industry. The primary data were collected through questionnaire from poultry wholesaler and retailer in Namakkal district. 100 respondents of poultry manufacturers and 40 retailers were selected for the study conducted during the month of November and December 2017. It was observed that higher cost of land and building was significant problem for the manufacturers and high level of competition was significant problem for the retailers.

Keywords: Poultry, animal husbandry, manufacturer, retailer, human consumption

Introduction

In the recent days, poultry farming has become an important Industry in our country. The changes it has undergone in the past few years are quite surprising. In Tamil Nadu, the prominent areas of poultry farming are in Namakkal, Palladam, Coimbatore, Karur, and Erode. However, this profession has not spread profoundly throughout Tamil Nadu although any place and any climate can suit poultry farming. The scope of poultry farming is very much and there is lot of chances for improvement in this field. With the help of the sophisticated instruments, the production of poultry products can be increased.

Every day the poultry farming produces 3 crores of eggs in Tamil Nadu alone. Yet it does not satisfy the requirements of the people. India ranks fourth in egg production and fifth in poultry meat production in the world. On an average, every individual gets 42 eggs per year. This amount of egg intake is not sufficient. So adequate quality food is to be provided in sufficient quantity to the population, which is growing at a faster rate than food production.

Poultry industry in India is transforming itself at an incredible pace, from an age-old backyard avocation to a dynamic agro based industry, with the most modern handling facilities. While the achievements are impressive as judged by the norms of growth, the task remains most challenging. There is much to be done to bring a large majority of the rural population to the threshold and employment all of which depends on the size of income. Poultry production can contribute task of providing better health, education and standard of living to the people especially at the rural India.

Creation of public awareness is needed for overall development of poultry industry. The egg, earlier treated as a non-vegetarian item, is not being considered by most as not so. Mahatma Gandhi has stated, "Milk being an animal product cannot by any means be included in a strict vegetarian diet. In the medical language, milk can be classified as an animal food. On the other hand eggs are regarded by the layman as an animal food. In reality, they are not so, as sterile governments. The schemes increase resulted in an increase in the size of farms and the egg production. To expedite the poultry business, large government farms developed at

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Delhi, Simla, Bhuvanesar, Bangalore and Mumbai. The number and size of state poultry farms have increased and some districts have more than 1000 farms.

Poultry Industry

Raising of day old chicks up to and inclusive of the stage of sale on a large scale with the assistance in the form of services from hatcheries, medical care from veterinarians supply of medicines from pharmaceutical companies, manufacturing quality medicine, supply of poultry equipment's and supply of nutritive poultry feed by commercial poultry feed manufacturers and financial assistance from various financial institutions are included under poultry industry.

Table 1: Size of Poultry Farms

Size	Number of birds
Small	1000-5000
Medium	5000-15000
Large	Above 15000

Source: Records relating to the number of farms in the poultry wing of the animal Husbandry Department, Namakkal District

Egg Laying Breeds

Usually the Leghorns and Anconas are considered as best layers. These are the small breeds having high egg production. They are non-bready and poor mothers. So they never waste time in sitting on eggs. They require less feed and lay maximum number of eggs.

White leghorn, a Mediterranean breed has given very good results, especially in drier (hot) regions. Ancona is also a Mediterranean breed, native of the Italian town, Ancona. Minorca (Black and White)-another Mediterranean breed - is also a good layer. Black Minorca is suitable for free range. They are good foragers.

Table Breed or Broilers

These are distinguished by lightness of bone and heaviness of flesh, easy fattening, early maturity, delicacy of flesh of which a large part is on the chest, and heavy weight. The flesh of light and red Sussex exhibits a fine white texture. It is an early maturing bird. Dorking is another famous English breed reared as broilers.

Statement of the Problem

Even though there is a vast scope for the development of the poultry industry, it has confronted with the following problems. The poultry industry is in poor shape and has become the victim of a vicious circle of high prices of feeding materials, low output prices, reduced earning, and high risk of mortality, low productivity and high cost of production. Though the people concerned with poultry business such as the poultry farmers, the hatchery men, the feed manufactures, the wholesalers and the retailer are all aware of the problems associated with poultry; they are not in a position to evolve a scientific analysis. The researcher has made an attempt to find the solution for the above problems.

Objective of Study

To examine the present marketing practices under taken by poultry farmers and other middlemen in this trade.

1. To study the problem faced by the manufacturers of poultry products.
2. To study the problem faced by the retailers of poultry products.
3. To suggest suitable measures to overcome the problem

Analysis and Findings of the Study

Problems faced by the Manufacturers of Poultry Products

Table 2: Demographics of the Poultry Manufacturers

Factor	Classification	Frequency	Percent
Age	Less than 30	21	13.1
	31-40	31	19.4
	41-50	51	31.9
	More than 50	57	35.6
Academic Qualification	Illiterate	12	7.5
	Middle	82	51.3
	Secondary	27	16.9
	Graduation	31	19.4
	Post-Graduation& above	8	5.0
Level of Occupation	Main	141	88.1
	Subsidiary	19	11.9
Years in Business	Less than 5 Yrs	19	11.9
	5 - 10 Yrs	27	16.9
	11 - 15 Yrs	58	36.3
	More than 15 Yrs	56	35.0
Nature of Poultry Farming	Owned	160	100.0

Source: Primary Data

From the above table, it is observed that the manufacturers who are more than 50 years and between the age group of 41-50 constituted 35.6 percent and 31.9 percent. Majority of the manufacturers are older than 40 years of age. They are not well educated. Manufacturers who are graduates or more consist only 24.4 percent of the total respondents. 88 percent

of manufacturers consider poultry farming as their main occupation and remaining respondents consider this as subsidiary business. Poultry farming manufacturers are highly experienced in their business. 71 percent of the respondents have more than 10 years of experience in this occupation.

Table 3: Occupational Characteristics of the Poultry Manufacturers

Factor	Classification	Frequency	Percent
Reason for Occupation	Easy to Start	55	34.4
	Easy to get loan	80	50.0
	Less capital	19	11.9
	Govt concessions	4	2.5
	Other reasons	2	1.3
Reason for Location	Near residence	32	20.0
	Near market	31	19.4
	Availability of medical facilities	36	22.5
	Localisation of business	57	35.6
	Other reasons	4	2.5
Method of rearing	Cage System	150	93.8
	Deep litter system	10	6.3
Nearest Veterinary service available	Less than 5 km	34	21.3
	5 - 10 Km	67	41.9
	11 - 15 Km	45	28.1
	More than 15 Km	14	8.8
Problems in nature of Veterinary Services	Lack of Experts	37	23.1
	Lack of Facilities	59	36.9
	Lack of Appropriate Medicine	38	23.8
	Costliness	26	16.3
Place of Purchase in Chicks	Local	104	65.0
	From outside	56	35.0
Problems in Chicken supply	Time lag in chick supply	42	26.3
	High cost of chicks	62	38.8
	Low quality of chicks	49	30.6
	Damage in transit	7	4.4
No. of eggs got in a day	< 10000	57	35.7
	10000 – 20000	35	21.9
	20001 – 30000	20	12.5
	30001 – 50000	15	9.4
	> 50000	33	20.6

Source: Primary Data

The top most reason for starting this was easy mechanism to avail loan (80, 50 percent) followed by easy to start (55, 34.4 percent) and the top reasons for location was localization of business (57, 35.6) and availability of medical facilities (36, 22.5). Cage system was the prevalent method of rearing. Deep litter system was not widely used method which constituted only 6.3 percent. Veterinary services were available within 5 kilometers for 21.3 percent of the respondents. Within 10 kilometers of range 63.2 percent of the poultry farming manufacturers were able to avail veterinary service. 8.8 percent of the poultry manufacturers were not able to avail veterinary service

within 15 kilometers. Lack of facilities was the major problems in veterinary service. 36.9 percent of the respondents regarded it as the problem in veterinary service. Chicks were purchased from local than outside. Purchase from local area was 65 percent and from outside was 35 percent. Time lag in chick supply, high cost of chicks, low quality of chicks and damage in transit were considered as problems of chicken supply. High cost of chicks was observed as the major problem with 38.8 percent followed by low quality of chicks and time lag in chicks supply. Most of the manufacturers i.e. 35.7 percent received less than 10000 eggs in a day.

Table 4: Problems of the Poultry Manufacturers

Factor	Classification	Frequency	Percent
Problems faced in Credit Sales	Delayed Repayments	92	57.5
	Decrease in investment	29	18.1
	Bad Debts	39	24.4
Mode of Collection	Self	45	28.1
	Sales boys	78	48.8
	Clients themselves pay	37	23.1
Problems in Marketing	Lack of Marketing facilities	10	6.3
	Distance to the market	6	3.8
	Lack of market information	12	7.5
	Un-economic price	25	15.6
	Damage in transit	7	4.4
	Fluctuation in prices	32	20.0
	Lack of transport and communication	6	3.8
	Insurance	1	.6
	Climatic conditions	5	3.1
	Perishable characteristics of eggs	8	5.0
No problems	48	30.0	

Source: Primary Data

From the Table 4, it was observed that the prevalent problem in the credit sales was delayed payments which constituted 57.5 percent. The mode of collected by sales boys was 48.8 percent, in person was 28.1 percent and direct payment by clients was 23.1 percent. The study classified problems in marketing under 11 categories. Respondents

who claimed that they faced in no problems in marketing was 30 percent. The problem of fluctuation in prices was agreed by 20 percent of the respondents and un-economic price was agreed by 15.6 percent of the respondents. Remaining classification received negligible response from the respondents.

Table 5: t test results on cost involved in poultry business

One-Sample t Test							
	Test Value = 3						
	t	Df	Sig. (1-tailed)	Mean Difference	90% Confidence Int. of the Difference		Mean
					Lower	Upper	
Cost Land	11.258	159	.000	1.175	1.00	1.35	4.18
Cost Building	11.346	159	.000	1.181	1.01	1.35	4.18
Cost Eq_Mach	10.000	159	.000	.981	.82	1.14	3.98
Cost Infrastructure	1.908	159	.029	.200	.03	.37	3.20

Source: Primary Data

One tailed t test was employed to identify was there any significant difference in acceptance of high cost for land, building, equipment, infrastructure and variable costs. Based on the t test value the null hypothesis i.e. there is no significant high cost, was rejected for the cost of land, building, equipment and infrastructure. The variable costs were insignificant. The manufacturers felt there was high cost involved in land, building, equipment and infrastructure for poultry farming. Cost of land and building were comparatively high to the cost of equipment and infrastructure.

Problems faced by the Retailers of Poultry Products

The respondents of the poultry retailers were equal in the group of 21-30, 31-45 and more than 45. They were each representing 30 percent. The respondents in the age group of less than 20 years constituted 10 percent. 60 percent of the retailers had more than 10 years of experience. 15 percent of the retailers had 6-10 years experience and 20 percent of the retailers had 1-5 years of experience. Retailers selling to sub retailers were 40 percent. Sales to country buyers and hotels were found to be 15 percent and 20 percent. 87.5 percent of the retailers encourage credit to their customers. Late payment of dues, loss due to bad debts and affects the working capital were observed to be major problems in credit sale which constitutes 37.5 percent, 20 percent and 25 percent respectively. The total expense was high in transport which constitutes 35 percent followed by packaging with 30 percent. Shop rent and labour were 25 percent and 10 percent respectively.

Table 6: Demographics of the Poultry Retailers

Factor	Classification	Frequency	Percent
Age	<20	4	10.0
	21 – 30	12	30.0
	31-45	12	30.0
	>45	12	30.0
No. of Years	< 1	2	5.0
	1- 5	8	20.0
	6-10	6	15.0
	>10	24	60.0
Customers Category	Retailer	16	40.0
	Country Buyers	6	15.0
	Hotel	8	20.0
	Household	4	10.0
	Others	6	15.0

Source: Primary Data

Financial assistance from institutions are crucial in growth and sustainability of the business. The retailers agreed overwhelmingly that they are availing financial assistance. 90 percent of retailers have responded that they are availing financial assistance from institutions. Banks was the major financial assister than any other institution which consist 35 percent of the retailers. Mode of purchase from manufacturer was very less in cash basis. Only 5 percent of retailers pay to manufacturer in cash basis. 45 percent of retailers pay in credit basis and 50 percent were paying partly in credit and partly in cash. The majority of the retailers pay within less than 1.5 month. The remaining retailers who constitute 30 percent pay by more than 2 months.

Table 7: Problems of the Poultry Retailers

Factor	Classification	Frequency	Percent
Sales in Credit	Yes	35	87.5
	No	5	12.5
Problems in Credit Sale	0	5	12.5
	Late Payment of Dues	15	37.5
	Loss due to bad debts	8	20.0
	Affects the Working Capital	10	25.0
	Any other	2	5.0
Total Expense	Packing	12	30.0
	Shop Rent	10	25.0
	Labour	4	10.0
	Transport	14	35.0
Financial Assistance from Institutions	Yes	36	90.0
	No	4	10.0
Financial Assister	0	4	10.0
	Banks	14	35.0
	Friends & Relatives	8	20.0
	Financial Institution	8	20.0
	Indigenous Bankers	6	15.0
Purchase from Manufacturer	<10000	10	25.0
	10001-20000	2	5.0
	20001-30000	4	10.0
	>30000	24	60.0
Mode of Purchase from Manufacturer	Cash Basis	2	5.0
	Credit Basis	18	45.0
	Partly Cash Partly Credit	20	50.0
Time repay	Yes	38	95.0
	No	2	5.0
Time period to repay	0	2	5.0
	< 1 Month	14	35.0
	1 - 1.5 Month	16	40.0
	2 - 3 Month	6	15.0
	> 3 Month	2	5.0

Source: Primary Data

Table 8: t test results onlevel of competition in poultry business

One-Sample Test							
	Test Value = 2						
	T	df	Sig. (1-tailed)	Mean Difference	95% Confidence Int. of the Difference		Mean
					Lower	Upper	
Level of Competition	8.510	39	.000	.65000	.4955	.8045	2.650

Source: Primary Data

One tailed t test was used to analyze the level of competition within the retailers. 3 point likert scale was employed to collect the data where higher number indicates higher competition level. It was observed from the results that the level of competition was significant at 5 percent significance level. It is inferred that retailers face high level of competition.

Findings

- To improve the marketing efficiency, the producer should sell their produce directly to the wholesalers or have tie up with retailers where-ever feasible.
- There is an immediate need for setting up of a feed analytical laboratory and veterinary diagnostic laboratory to maintain quality of feed and quick diagnosis of diseases by the veterinary universities or poultry co-operative societies.
- Proper storage and processing of eggs and broilers may be developed to handle the price fluctuations and gets benefited from higher prices during glut period.
- There is an immediate need to strengthen extension activities by government and private company to face problems like lack of improved broiler production technology, lack of processing facility etc.

Suggestions

- The majority of the poultry farmers prefer the poultry business as their family business but they were not having adequate experience. Hence, it is suggested that they may be given adequate information, education, communication and orientation training programmes.
- The government, Non-Governmental Organizations (NGOs) and Non Profit Organizations (NPOs) should ensure that extension messages are well disseminated to farmers to improve their productivity.

Conclusion

The focus of this study was on understanding factors affecting wholesale poultry prices. This information is needed so that poultry processors, retailers, and producers may better understand how consumer purchasing patterns affect price changes. This study revealed that consumer demand for poultry meats varies by cut and that there are some seasonal tendencies.

The key structural change spurring production growth has been the emergence of integrated production systems bringing about economies of scale and the sustained profit margins necessary for the expansion of the sector. Vertical integration has spread in both southern and western parts of India, while it is less developed in the north and east. Poultry exports from India have been on the rise. However, India's poultry exports are mainly confined to table eggs and egg powder, which are growing as a result of their cost competitiveness, improving hygienic standards and logistical advantages. Poultry meat exports are negligible because of high costs, inadequate meat-processing facilities

and infrastructural bottlenecks. The future of the poultry industry appears to be bright. The most optimistic predictions suggest a two- to three-fold increase in poultry production in the coming 20 years. Egg production for instance, is expected to reach 105 to 106 billion and poultry meat to 8.6 million tonnes per annum by the year 2020. Integration in broiler farming will spread to other regions. This is likely to reduce the price of chicken meat.

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