

“Economics of Profitable Poultry and Goat Production and Bankable Projects”

By

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Livestock rearing is a large occupational sector in India. Cattles and other animals are reared for various products like milk, meat, eggs etc. They also assist farmers in agricultural activities like ploughing, irrigation and transportation of goods. This collective process of rearing and domestication of animals is called Animal Husbandry.

Government has established various schemes and provided aids in developing this industry, which is predominantly prevalent in rural India. Financial aids called Animal Husbandry loans can be availed for purchase of livestock and development of the required infrastructure for their rearing.

Poultry farming in India has transformed from a mere tool of supplementary income and nutritious food for the family to the major commercial activity generating the required revenue. Changing food habits, rising income of the middle class Indian, presence of private players, rising market demand of the Indian poultry produce in the export market are some of the contributing factors to the growth of the industry.

Government Support in Poultry Sector

ENTREPRENEURSHIP DEVELOPMENT & EMPLOYMENT GENERATION UNDER NATIONAL LIVESTOCK MISSION (EDEG- NLM)

Indicative subsidy ceilings under the component of 'Entrepreneurship Development and Employment Generation' (EDEG) Sub-component - Poultry Venture Capital Fund (PVCF)-EDEG

Sl No.	Component	Pattern of Assistance	
		GOI through NABARD	State ARD Department
1	Breeding Farms for Low Input Technology Birds of species other than fowl like turkey, ducks, Japanese quails, emu etc.	At 25% level subsidy- subsidy ceiling ₹ 7,50,000 Varies depending on the species and unit size.	Scheme vetting for technical & financial feasibility Veterinary assistance
2	Central Grower Units (CGU) – upto 16000 layer chicks per batch.	At 25% level subsidy- subsidy ceiling ₹10,00,000 for a unit of 16000 layer chicks per batch (three batches a year) - Varies with size	Facilitate marketing of livestock products
3	Hybrid Layer (chicken) Units – upto 20000 layers	At 25% level subsidy- subsidy ceiling ₹ 2,00,000 for 2000 layer unit - Varies with the size.	Additional top-up subsidy ₹ 40,000 per 1000 layers unit subject to ceiling of ₹ 8,00,000
4	Hybrid Broiler (chicken) Units – upto 20000 birds. Can be weekly, fortnightly, monthly, all-in all-out batches. Bird strength at any point of time should not exceed 20000 birds	At 25% level subsidy- subsidy ceiling ₹ 56,000 for a batch of 1000 broilers - Varies with unit size	Scheme vetting for technical & financial feasibility Veterinary assistance

Scheme formulation for bank loan

A scheme can be prepared by the beneficiary after consulting local technical persons of State Animal Husbandry / Veterinary department, Poultry Corporation or private commercial hatcheries. If possible, they should also visit the progressive layer farms in the area and discuss the profitability of farming. A good practical training and experience on a layer farm will be highly desirable, before starting a farm.

The project should include the information on technical, financial and managerial aspects in detail.

Technical

1. Land and land development (Location, area, suitability, proximity to road, site map etc.)
2. Proposed capacity / farm size
3. Civil structures (sheds, feed mixing unit, egg room, godown / store room, office quarters, staff room etc.)
4. Equipments, Plant & Machinery – (Feeder, water, cages, feed grinder & mixer, Deep freezer, vaccinator, etc.)
5. Housing (capacity, Type- Deep litter / Cage, Area required, system of housing)

- 6.Chicks – (Strain, number of birds / batch strength, source of chicks, vaccination of chicks etc.)
- 7.Feeding (Feed requirement, source of feed, type of feed – chick, grower and layer mash, price of feed etc.)
- 8.Availability of utilities – Water, power & fuel
- 9.Veterinary aid and transportation arrangements
- 10.Production parameters (Egg production, Feed efficiency - FCR, Mortality etc.)
- 11.Flock projection chart
- 12.Marketing (Marketing of eggs / culled birds and other products / by-products – place of marketing, basis of payment (kg or no.), price per unit etc.)

Financial

1. Project cost - capital (land, building, chicks, plant and machinery etc.) and recurring costs
2. Funding pattern (Margin contribution, bank loan, etc.)
3. Techno-Economic assumptions-
4. Income – expenditure statement
5. Cash flow analysis showing financial indicators ,Analysis of ratios (Current ratio, etc.)
6. Repayment schedule indicating repayment of principal and payment of interest

Managerial

Borrower's profile

1. Individual/Partnership/ Company/Corporation/ Co-operative Society/Others

Capability in managing the proposed business

2. Experience in the proposed activity or others

3. Financial soundness

4. Technical/Other special qualifications

5. Technical/Managerial Staff and adequacy thereof

The **Average Cost** is the per unit **cost** of production obtained by dividing the total **cost** (TC) by the total output (Q). By per unit **cost** of production, we mean that all the fixed and variable **cost** is taken into the consideration for calculating the **average cost**. Thus, it is also called as Per Unit Total **Cost**.

In [economics](#), **average cost** or **unit cost** is equal to [total cost](#) (TC) divided by the number of units of a good produced (the output Q):

$$AC = TC / Q$$

Table 7 Average Cost and Revenue of Poultry Farmers per Bird

Cost items	Average	Percent
Fixed Cost (1)		
Labour	97.81	15.69
Total Fixed Cost	97.81	15.69
Variable Cost (2)		
Price of day old chicks	74.87	12
Cost of feed	96.83	15.53
Cost of Electricity/ Diesel	76.15	12.21
Cost of Vaccination / Medicines	90.78	14.56
Interest on Working Capital	77.88	12.49
Interest on Investment on Birds	86	13.79
Cost of Water	10.85	1.74
Health Cover	6	0.96
Total Variable Cost	519.36	-
Marketing cost (3)		
Transportation Cost	5.42	0.87
Advertisement Cost	1	0.16
Total Marketing Cost	6.42	-
Total Cost (1+2+3)	623.59	100
Revenue items		
Sale of Egg	794.09	90.19
Sale of Gunny Bags	5.5	0.62
Sale of Manure	16.06	1.82
Sale of culled Birds	64.77	7.36
Total Revenue	880.42	99.9
Gross Margin	361.06	-
Net Revenue	256.83	-

Problems of Poultry Farmers

S.No	Problems
1.	Availability of Raw Materials
2.	Improved Technology
3.	Control Measures
4.	High Feed Cost and Low Egg Prices
5.	Lack of Transport/Storage Facilities
6.	Investment
7.	Labour Problem
8.	Power Supply
9.	Feed and Marketing
10.	Export Facilities
11.	Health Coverage
12.	Managerial Problems
13.	Extension and Training Facilities

Who can apply for an Animal Husbandry loan?

In recent years, there has been a mammoth increase in the number of individuals taking up farming and its allied activities as their primary occupation. This is due to the various schemes and aids rolled out by the Government and banking institutions supporting these occupations. Animal husbandry has seen the same fervour amongst today's youth.

Animal husbandry loan can be applied by

- Farmers and individual entrepreneurs
- NGOs
- Companies and Co-operatives
- Self-Help Groups and Joint Liability Groups

Simply put, anyone with the required credentials can apply for this loan

Advantages of Goat Farming:

- 1. Goat Products are Healthy & Easily Digestible**
- 2. Easy Maintenance & Less Capital**
- 3. Don't Require a Huge Area**
- 4. Good Breeders**
- 5. Less Risk**
- 6. Good Adaptability & Less Prone to Diseases**
- 7. Best Milk Producers**

To be successful in Goat Farming

1. Right Location
2. Land Requirement
3. Goat Breed
4. Veterinarian
5. Proper Food & Housing
6. Care & Management
7. Vaccination
8. Total Expenditure & Profit

Fixed investment is the one-time investment cost that is not included in the profit in this project report because every business needs the beginning investment.

Total profit = Total sale of Animal cost – (total cost of feed + total monthly expenses)

Important tips for the beginner's goat farmers

- Do proper care and management during the transportation of goats in the beginning.
- Select the breed according to your region.
- Don't do over expenses on goat shed at the beginning of the farm.
- Get the proper training before starting a goat farm.;
- Follow the proper vaccination and deworming schedule to get the maximum profit.
- feeding cost should not be more than Rs 10 per day per goat.

NABARD's Development Policy Department defines Self Help Group as—

“Voluntary organization of people operating within a framework of rules and regulations for common economic and social objectives with an approach of participatory decision-making and sharing of benefits in an equitable manner”.
(Vide Circular No.NB.DPD.SHG/3755/92-APACS/93-04 dated 02/03/1994).

Characteristics of a Self-Help Group

- Small Size (5 – 20);
- Compact Residential Area (Hamlet concept);
- Same poor economic condition of members – all-round homogeneity (unisex, same life-style etc.);
- Voluntary organization – no interference from outside agencies;
- Economic and social objectives having equal priority;
- Equal status for all the members and democratic leadership with rotation of leadership at definite intervals;
- Participatory functioning;

- Group dynamism;
- Though mainly informal, not ad hoc associations (existence of rules, constitution, working records, proper accounting)
- Equitable, not necessarily equal, benefit-sharing;
- Savings first (at least for 6 months), credit then; and
- No divider between productive / consumptive purposes of loan (i.e., the members are so economically disabled that denial of consumption loan to them will mean disruption in their productive activities)

Do's & Don'ts for Banks / PACS

Do's

- Help the needy, not the greedy
- Create new leadership
- Test group dynamism
- Insist on female groups
- Insist on one-family one-member
- Priorities proper records / accounts-keeping
- Interest on compact area, literacy for all, regular savings, regular meeting, participatory functioning
- Cover members under Group Accident / Life / Insurance
- Visit SHG's and interact frequently, ensure 100% repayment

Don'ts for Bank / PACS

- Don't encourage Group Enterprise
- Don't select schemes, leave them to SHG's
- Don't utter credit before regular savings
- Don't allow grace period for the 1st loan
- Don't insist on uniform repaying period for all the members of an SHG
- Don't allow any default in installment — enforce joint responsibility

Bankable Project

- It generates **sufficient cash flows** to meet obligations created during Capital outlay.
- To yield **optimal returns**

Rate of Interest of Bank Loan



- PERSONAL
- CORPORATE
- MSME
- AGRI
- NRI
- CUSTOMER CARE

A- A A+

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Loans for Sheep & Goat Rearing

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Agriculture Finance Sheep & Goat Rearing - Loans For Sheep & Goat Rearing

Sheep and goat rearing is supplementary activity to agriculture. However, independent activity is also commercially viable. IDBI Bank grants term loans of Rs. 50,000/- to Rs. 50 lakhs to individual / Group / Shepard co-op society / Federation / Limited companies that are experienced and actively engaged in such activity.

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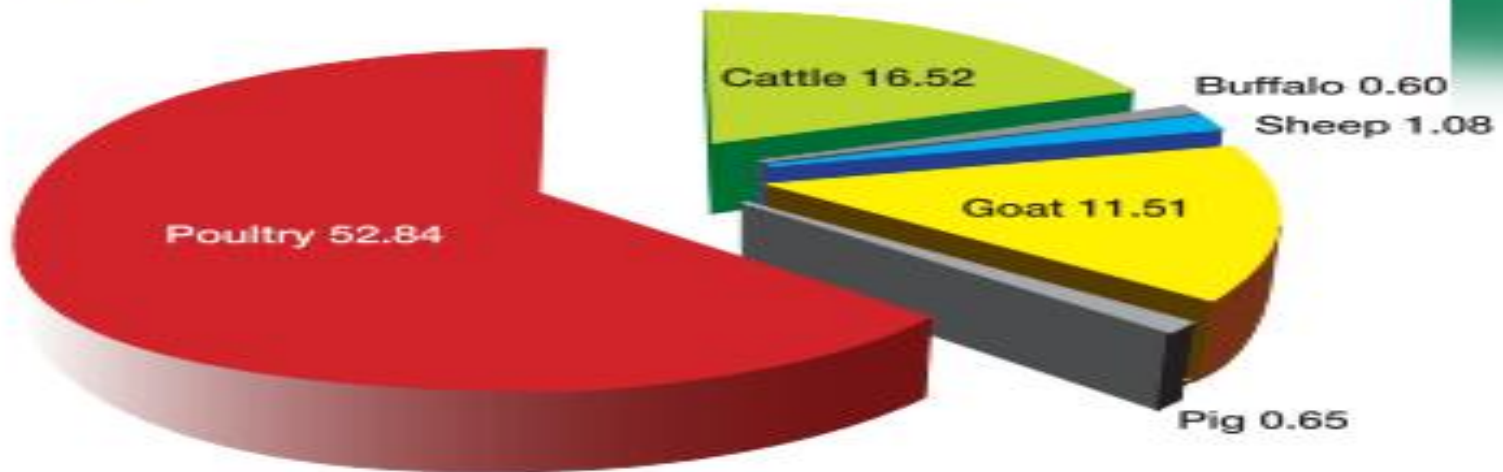
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[India Remit](#)

- 83.2 million Livestock & Poultry population



- The State Produces 4.90 million ton of milk, 650 thousand MT of meat, 4746 million number of egg annually .
- Still there exists a huge gap between per capita nutritional requirement & availability of livestock products





Share the smile

Thank You!

