

## Sustainable Livelihood Promotion through Community Based Institutions

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Over the years, Community Based Institutions have emerged as an integral means to address the livelihood issues of the poor and marginalised population. Starting from the formation of Self Help Groups (SHGs) with handholding support from Non-Governmental Organisations (NGOs) and marching ahead with financial and non-financial assistance from various stakeholders such as State and Central Govt., banking institutions, research institutions, national and international development agencies, they have made a mark in the empowerment of poor and marginalised communities in rural areas and brought about reduction in poverty through a process of social mobilization and people-centered development. The present issue of 'Rural Pulse' touches upon one such initiative in Jharkhand, based on primary data collected during a field study and attempts to bring out a few policy options.

### Livelihood Interventions

Livelihood interventions are conscious efforts made by agencies/organisations to promote and support livelihood opportunities for a large number of people. These interventions may involve spatial, segmented and also sectoral/sub-sectoral approaches. While the spatial livelihood interventions cover whole region/sub-region (watershed), the segmented approach focusses attention on specific group/sub-group (vulnerable section such as women, tribals) and sectoral/sub-sectoral approach impacts along a sector/sub-sector (agriculture/dairy). Providing sustainable livelihood opportunities to the poor, especially, the tribal poor, has been of priority in the development agenda of the policymakers. The tribal economy is generally characterised by insufficient landholdings and seasonal dependence on agriculture raising the issue of food security and vulnerability. Their diversified portfolio of livelihoods comprises a number of activities such as farming on a small patch of land, rearing livestock for self-consumption/sale and producing non timber forest produce, none of which generates sufficient income for a sustained livelihood. Therefore, providing sustainable livelihood opportunities to such vulnerable sections assume a formidable challenge.

In this context, the livelihood interventions are mainly explored through :

- Promotion of Self Help Groups (SHGs),
- Planning for their livelihood options,
- Assisting the members to choose livelihood options depending upon their resources, skills, risks and perceptions,

- Leveraging finance to sustain livelihood programmes,
- Building necessary backward and forward linkages,
- Formalising institutional arrangement of producers, promoting family owned enterprises in sectors having large and growing demand,

The State of Jharkhand is home to nearly a tenth of the country's Scheduled Tribes (STs), who also constitute around 28 per cent of the population of the State (Census 2011). The workforce participation rate of the STs comes to around 47 per cent with a large proportion of them working as cultivators, agricultural labourers and in other less remunerative occupations. The Net Sown Area (NSA) accounts for 19 per cent of the total geographical area of the State and Net Irrigated Area (NIA) constitutes only 12 per cent of the NSA. Paddy is cultivated during the kharif season in most parts of the State. Allied activities like backyard poultry and goat rearing supplements the household income of the backward tribal population as well as improve their nutritional standards.

### Livelihood Intervention through Poultry Farming

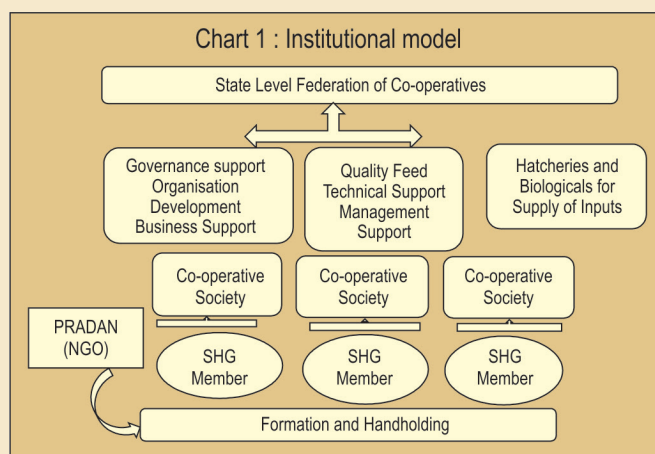
A Market study conducted by interns of Goa Institute of Management in 2002 revealed a huge gap between the demand and supply of broiler birds in Jharkhand. Considering the huge potential under poultry farming, members of SHGs of Kuru block of Lohardaga with support from PRADAN, a voluntary organisation engaged in the promotion of livelihoods for poor rural families, came forward to take up poultry activity as a livelihood option. Since the resource poor families have low risk bearing ability, collectivising small poultry

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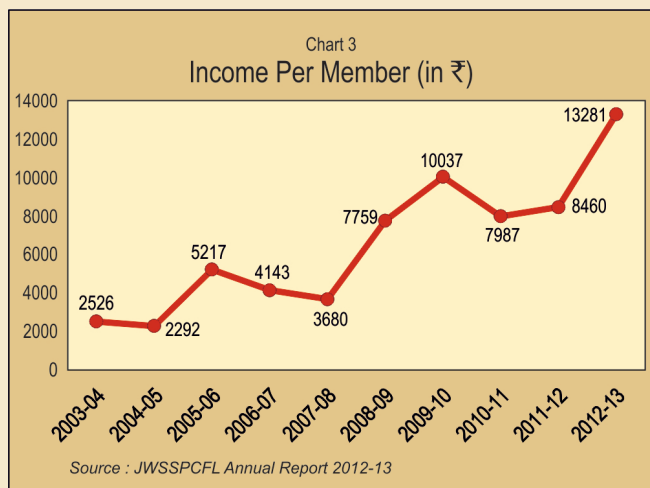
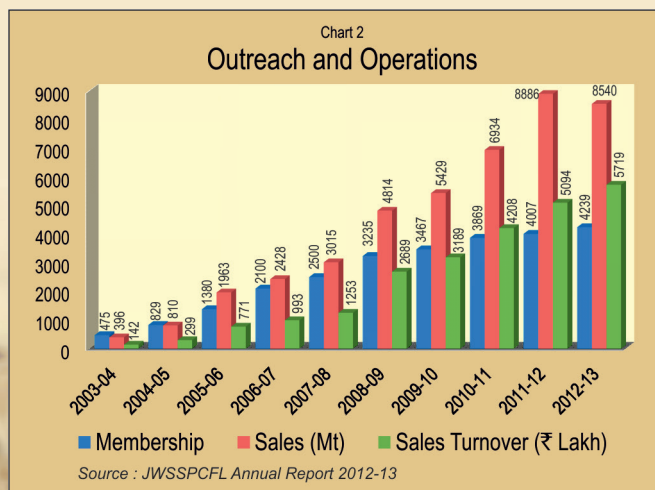
growers in a cluster helps the producers in reaching scale of economy and gain bargaining power to negotiate with the market on fairer terms.

## The Institutional model

The tribal women formed SHGs at the grassroot level and members from the different SHGs (functioning in a cluster of villages) interested in taking up poultry broiler rearing activity, subsequently, organised themselves into poultry co-operative society. The first of such co-operatives in Jharkhand was registered in November 2002 in Lohardaga district under Jharkhand Self-supporting Co-operative Societies Act, 1996 and subsequently poultry co-operatives were established in other districts. The co-operatives were further organized into Jharkhand Womens' Self Supporting Poultry Co-operative Federation Limited (JWSSPCFL) under the same Act in the year 2005. The institutional model of the small holder prototype is indicated in Chart 1.



Being a home-based activity, this intervention finds favour amongst the women producers allowing them to diversify their income opportunities. The members are the shareholders of the co-operatives and profits accrue to the members only.

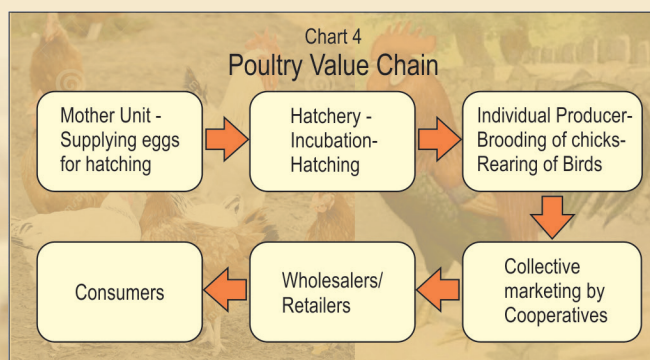


## Outreach and operations

The small holder poultry intervention started with the initial handholding support from State Government and other financial institutions. NABARD also supported the intervention by providing assistance towards block capital, working capital and capacity building. The Federation at present, has 11 member co-operatives with operations spread over 11 districts of Jharkhand. It sustains the largest poultry operations in Eastern India having more than 4,000 members, 72 per cent of which belong to ST category. During the last 10 years (2003-04 to 2012-13), the membership of the poultry co-operatives has grown nine times reflecting a Compound Annual Growth Rate (CAGR) of 26 per cent, the sale of birds increased by 20 times and sales turnover increased by 40 times (Chart 2). The income of the members has also increased by five times during the same period (Chart 3).

## Poultry Value Chain

Poultry value chain encompasses a whole lot of players/activities starting from mother unit for supplying eggs for hatching and ending with ultimate consumers (Chart 4).





## Small Holder Prototype

- The members of the poultry co-operative society are given training to rear about 300-400 day old chicks as broiler poultry in their homestead.
- The co-operatives with support from the Federation procure the day old chicks in bulk and supply the same to their members. The actual number of day old chicks allocated to each producer depends upon the production efficiency of the producer in the previous cycles. To tide over the problem of quantity and quality of chicks, the co-operatives with assistance from the Federation had established a hatchery having a capacity to produce 3 lakh day old chicks per month.
- The co-operatives have their own feed mixing plant to prepare complete feed. The feed is of higher nutrient content and is produced at a cost effective way by mixing maize, soyabean de-oiled cake procured from the market and concentrate procured from the Federation. The feed is supplied free of cost to the producers.
- The medicines and equipments are purchased collectively by the co-operatives and supplied to the producers. All the co-operative societies have well trained veterinary graduates who work as production managers. The co-operatives are also supported by village level para vets and subject matter specialists.
- The producers devote their full attention to the rearing of day old chicks for which they are paid grower's charges. The activities like brooding, feeding, cleaning, etc., are done in a scientific manner. Maintenance of a hygienic environment is given highest priority so as to minimise the mortality rate within 5 per cent.
- The overall responsibility of coordination rests with the supervisors of the co-operatives. They interact with the producers on a continuous basis and keep record of supply of day old chicks, distribution of feed, weight of birds, vaccination, mortality rate, etc. After about 28/30 days, the supervisor gives the status report on the basis of which co-operative starts negotiations for lifting of birds. The normal cycle for a producer amounts to 45 days. The average number of cycles per producer varies from 6-8 in a year.
- The co-operative societies under the guidance of the Federation, organize bulk sale of the poultry birds by contacting traders in nearby markets and accept the best rates. The members are paid grower charges by the co-operatives. The traders lift the birds after making payment upfront.

The operational details of a sample co-operative society covered under the study is as detailed in Table 1.

<b>Table 1: Gumla Grameen Poultry Self-supporting Co-operative Society</b>	
<b>Particulars</b>	<b>Details</b>
Coverage (No. of Villages / Hamlets)	17/43
Total Producers / Shareholders (No.)	801
Active members (No.)	774
No. of Day old chicks per producer per batch	450
No. of batches per producer per year	7
Average Mortality Rate (%)	5.0
Average sale weight of bird (kg.)	1.53
Average sales realization (₹ per kg.)	79.86
Average Cost including cost of chicks, feed, grower charge, other expenses and support (₹ per kg)	70.48
Profit/Loss (₹ per kg.)	9.38
Grower charges (₹ per kg.)	6.76
Grower charges in terms of sale value (%)	8.47
<i>Source : Based on Field Study</i>	

During 2013-14, the co-operative registered a broiler production of 3,302 mt. and sales turnover on ₹25.42 crore. The net profit amounted to ₹0.46 lakh for the same year. The co-operative extended long term loans and advances to producers for construction of sheds, purchase of equipment, education, etc.

## Benefits for Producer

The essence of the small holder prototype is creation of a system to address the volatile nature of poultry broiler market by de-linking production efficiency from enterprise efficiency and collectivization of operations involving market interface. The producer has to make one time investment in the form of construction of poultry shed on 500 sq. ft. of land for approximately 500 day old chicks. The initial investment is taken care by availing subsidised loans from banks as a member of an SHG. The recurring expenditure has to be incurred towards purchase of equipment such as feeder, trays and include other overhead expenditure. With a cycle of roughly 45 days, the average number of batches per producer turns out to around 7 per year. With a mortality rate of 5 per cent, average sale weight of 1.53 kg. per bird and grower charge of ₹6.76 per kg., the net income of a producer having 450 day old chicks amounts to approximately ₹4,400 per cycle. The average annual income per producer amounts to approximately ₹31,000. Accounting towards cost of equipment and cost of overheads, the net income amounts to around ₹25,000 per annum. In addition to the direct benefit, the poultry

intervention has ensured food security throughout the year and reduced distress migration as recorded based on the interactions with the producers (Table 2).

Table 2 : Impact on Small poultry producers	
Pre Intervention	Post Intervention
Food security for 6-8 months in a year	Assured food security throughout the year
Distress migration	Migration reduced to a great extent
Very few children going to school	Increase in number of children attending school
Very less income and almost no saving in the hands of women	Increase in disposable income in the hands of women
Limited contribution towards household expenditure.	Contributes to household expenditure
Limited role in decision making	Pro-active participation in decision making both at household and community level
<i>Source : Based on Field Study</i>	

## Concluding Remarks

In livelihood terms, the small holder poultry prototype can be viewed as an entry point for helping the poor women and their families increase their human, social, financial and physical capital. The positive initial results would encourage small producers to enter into the fold. The success of the model is attributed to the synthesis of a number of initiatives including identification of potential activity, targeting marginalised section, extending handholding support in the form of capacity building, supplying quality inputs and technical guidance, etc.. The issues relating to uninterrupted supply of feed, competition from bigger players in the market, availing bank finance for expansion of sheds, etc. need to be addressed. The Federation has formed the vision to expand the membership to 8,000 women poultry producers by spreading across to neighbouring States like Odisha, Bihar and West Bengal, develop its own broiler brand and venture into manufacturing poultry by-products over the next five years.

## Policy Options

- The greatest benefit for the women member producers lies in attaining financial independence, supplementing household incomes and sharing household expenses such as education of children, etc.. It is necessary to mention that the livelihood intervention for the households is not confined to small holder poultry only. Other interventions in the form of diversification towards commercial crops such as vegetables, fruits, forest based products (IAC) has generated additional income for the households. This reiterates the need for multi-faceted livelihood interventions.
- The co-operatives have availed loans from financial institutions and advanced the same to poultry producers for construction/expansion of sheds, purchase of equipments, etc. Delay in repayment of the loans by some of the producers has resulted in default in repayment of loans by the co-operatives. This in turn has raised concerns on the viability of the small holder model in the minds of bankers. A detailed viability study of such small holder prototype is warranted.
- Marketing is the key to the success of any productive activity. In this model a formal marketing arrangement for the sale of poultry birds is absent. Contract farming/tie ups with food industry need to be explored. Collaboration between the co-operatives and poultry industry will further accentuate the benefits for the producers. In most livelihood interventions, the marketing aspect has been found to be weak and needs to be strengthened for greater sustainability of the activity.
- The handholding/promoting agency has been continuously engaged in the whole initiative and stood as an anchor. Although it has its benefits, at the same time it raises the issue of the co-operatives being too much dependent and creates apprehension as to whether they would be able to sustain themselves once the promoting agency starts withdrawing. The withdrawal strategy for the promoting agency once the model becomes a sustained venture needs to be clearly redefined.

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