

Marketing Issues Affecting Broiler Production in Pothwar Region of Punjab, Pakistan

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Abstract

The specific topographic and soil conditions of the Pothwar plateau has made the broiler industry an extremely important as it provides sufficient livelihood and employment to the rural masses. This sector has showed a tremendous development potential in the past and currently confronting various problems. The study revealed that irregular marketing practices posed a serious threat to the broiler industry in the region. Furthermore, the broiler farming is becoming unprofitable for the farmers and increasing poverty level in rural areas .Profitability analysis revealed that in winter season farmers' net loss was Rs. 10312 per thousand birds and in summer season net losses was Rs. -3413. This situation clearly indicates that broiler farming becoming unprofitable business in the region, it needs immediate attention of the stakeholders.

Keywords: Marketing issues, Broiler production, Pothwar, Punjab-Pakistan

Introduction

Marketing is one of the important steps in a whole process of production when a farmer turns his farm output into monetary terms. Therefore a farmer should be more vigilant and informed about the market situation while selling his produce. In Pakistan marketing is still the weakest link and no poultry based marketing structure has been evolved in the country even after a lapse of three decades (Ahmad *et al.*, 1993). All attempts to boost production prove futile when farmers are bound to dispose of their produce at low price. Such situations leave the feeling among producers that poultry is an unprofitable business. This distorts growth and expansion of poultry industry in return (Pakistan Poultry Editorial, 1996).

In the Pothwar region of Pakistan's Punjab, marketing of broiler is unorganized and concentrated in few hands.

The key functionalities in oligopolistic fashion mainly determine prices irrespective of market forces i.e. supply and demand. Hence, farmers are bound to sell their perishable produce at the distorted price because after the recommended growth period i.e. six weeks his cost of production increased rapidly.

The loss multiplies in a situation when farmers' produce fetch comparatively low prices due to overweight of the birds.

Broiler farming is one of the important businesses in the region being a common source of income and employment. Therefore, the study was initiated to identify the real marketing issues impeding the development of the industry and suggest their appropriate solutions.

Materials and Methods

In the Pothwar plateau, broiler is produced at different locations viz., Tarli, Nilore, Sihala, Rawat Sagri, Pangreel, Bassali, Missa Kiswal and Chakwal. So to cover and get information from all these locations an appropriate sampling strategy was devised. Keeping in view the time and resources a representative sample of 75 farmers, 10 intermeadries and about 20 sellers was drawn. Both formal and informal surveys were conducted to collect the primary information. Two separate sets of questionnaire were prepared and submitted to the scientists of poultry research institute PRI, Murree road Rawalpindi for their technical input. After incorporating their comments formal survey were conducted by the trained scientists of Social Sciences Institute, NARC. While for the broiler market survey about 10 market intermeadries and 33 sellers were interviewed. The information was mainly pertaining to the process of broiler selling and marketing problems. Secondary level information was also collected to verify the field observations. The weekly market prices were obtained from the Poultry Research Institute (PRI) Rawalpindi and Poultry Research Unit, NARC, Islamabad. In the analysis part mainly crosstabs, percentages, averages and for qualitative information ranking analysis was performed. For the data analysis a computer software namely statistical package for social scientists was (SPSS) applied.

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Results and Discussion

In this section both qualitative and quantities information gathered from the broiler producers and market intermediaries is discussed. Moreover subsequent part of this chapter will also explain the existing marketing system and its bottlenecks faced by the broiler producers of the pothwar region.

Profitability Analysis

The major constraint, which adversely effected the broiler production in the study area, was the non-competitive price mechanism. It was a common belief in the area that middlemen were offering prices less than the cost of production. The problem was investigated and noted that majority of the farmers (80%) was unsatisfied with the prices offered to them for their produce. The results of the profitability analysis strongly supported the farmers' point of view of dissatisfaction. According to the analysis, total cost of production of 1000 birds in winter season was Rs. 73630. On an average live weight of 1000 birds was about 1360 kgs and the average sale price of live broiler was Rs.46 per kg. The calculations showed total gross income to farmers was Rs. 63318 with net loss of Rs -10312 (Table 1).

Table 1: Profitability Analysis of Broiler Farming in the Pothwar Region (Winter & Summer Season)

Cost Items	Winter	Summer
	(Pak Rupees)	
Fixed Cost	4869	4869
Variable Cost	66174	62423
Marketing Cost	2587	2587
Total Cost	73630	69879
Average produce (Mds/1000)	34	31
Average Market Price (Rs/Mds)	1840	2120
Total Gross Income	63318	66466
Net benefit or Loss	- 10312	-3413

* A 1000 bird's flock (50 days old) yielding 1360 kg total live weight in winter

In summer season, product prices were higher than the winter season and it was mainly because of less supply of broiler in the market. The profitability analysis showed that total production and marketing cost of 1000 birds in summer was Rs 69879 which is slightly lower than the winter cost. While, the estimated gross income of 1000 birds was Rs 66466, it concluded that broiler production in the region is not profitable for the farmers. These results are quite comparable with the market prices presented in the annual report of Pakistan Poultry Association, 2000. It was interesting to note that because of heavy indebtedness farmers are bound to carry on their farming despite of its uneconomical status.

Major Marketing Constraints

Under weighing

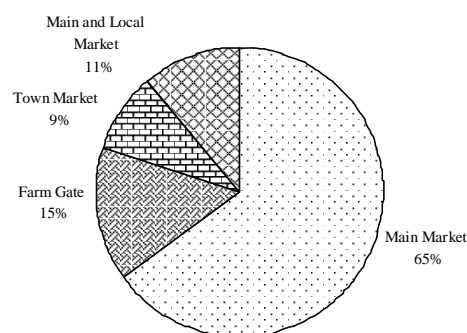
It was observed that the attitude and behavior of the market intermediaries with the farmers was discriminatory and damaging the interests of the producers. The middlemen in the market followed no

business ethics and tried to fetch maximum profit from the transactions. Under weighing was one of the tactics of middleman to deceive farmers. There were many ways such as juggling by weighing scales and less counting, etc. Some time stealing of birds was also observed during weighing operation. Farmers were of the opinion that only a tripartite market control or arrangement i.e. farmers, government and Arhties, is the best solution to resolve this marketing problem.

Disposal of Produce

According to the investigation, majority of the farmers was selling their produce in the main markets and was also reported by Kersten (1980). In these markets the commission agents and Arhties mostly conducted business activities. Most of the time, Arhties were also working as commission agents. Therefore, farmers mainly had three outlets for the disposal of their produce i.e. main market, town markets and at farm gate. It was observed that 65 % of the producers were selling their produce in the main market, 15% at the farm gate, nine percent in town markets and 11% sold their produce in both markets (Figure 1). In town markets and at farm gate level, retailers and feed dealers were mostly working as intermediaries. Majority of the farmers criticized the attitude of the market intermediaries and reported ill practices by them. Market forces were also not allowed to work properly and generally offered low prices in order to take maximum advantage of farmers' poor holding capacity.

Figure 1. Distribution of Sample Farmers By Sale Point



Rapid Price Fluctuation

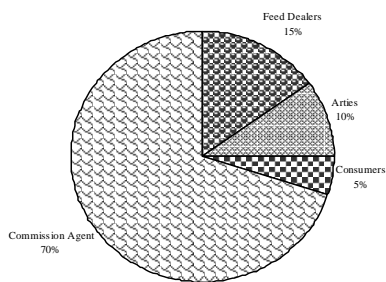
The poultry's farming was an expensive and risky business in the study area. It was operated on traditional lines without any modern marketing facilities. There is no denying in the fact that market information play an important role in decision making, farm planning and resource allocation. But the situation was quite discouraging in the study area due to non-existence of any institution for dissemination of market information. Consequently, farmers were producing broilers without any market guidance and/or foreseeing the supply-demand situation. In the event of more supply, prices prevailed at low level and vice versa. Such situation

created uncertainty in the market and did not allow farmers to plan their businesses judiciously. Qadri (2000); Ahmad (2000); Nafees (1985) and Kersten (1980) also highlighted the problem. The survey showed that farmers were completely dissatisfied with the existing pricing mechanism and authority. About 95 percent sample farmers reported that Arhties were influencing and determining the prices in the market and suggested that prices of the produce must be fixed by a committee keeping in mind input prices. The situation necessitated the establishment of an institution for proper market monitoring and dissemination of market information.

High Commission Rate

The study revealed that the Pothwar broiler market was operated through various market intermediaries (viz., commission agents, feed dealers, Arhties and butchers (Qasies)) who were charging certain amount as commission (fee) for their services to farmers. The commission rate was three percent of the total sale proceeds and farmers were bound to use the services for timely disposal of their produce. The survey revealed that almost all of the farmers were using such services. The data showed that 70 percent farmers sold their produce through commission agents, 15 percent through feed dealers and 10 percent by Arhties/Qasaies (Figure 2). With respect to mode of payment, it was observed that 76 percent farmers received cash payment while 20 percent received their sale proceeds in installments. Remaining four percent were receiving their payments through both methods.

Figure 2 Sale of Produce to Different Intermediaries



Inter City Trade

Inter city trade of broiler is common in the study area. However, due to lack of market information and poor decision making, broiler production/supply in the area was sporadic in nature. Arhties enjoy extra profit by importing birds from other cities and selling them in the local markets at high prices during shortage. The survey revealed that the practice of importing broilers from other cities was not confined to shortage in the local market rather it was a common practice of the intermediaries to manipulate the market situation in their favor. This practice ultimately affects the interests of the producers and

also create uncertainty among the farming community.

Suggestions for Improvement

In view of escalating input costs and high variation in broiler prices, small and medium size poultry farming is in critical situation in the region. In order to keep the interest of farmers in broiler farming, existing marketing system needs immediate attention of the concerned authorities. However, on the basis of study results, following measures were suggested to improve the marketing system in the Pothwar region of the Punjab, Pakistan.

- To safeguard the interests of the producers and facilitate smooth functioning of marketing system, proper marketing institutions may be established. These institutions should collect and disseminate the market price data and supply/demand related information for quick and proper marketing decisions. This will also expedite the judicious farm planning and resource allocation at farmers' end.
- Market committee may be entrusted the task of monitoring and checking the malpractices made by the market intermediaries.
- Farmers' cooperative association may be established with multi dimensional functions in order to stabilize and adequate price determination.
- It is advantageous to channel the excessive production into the international markets. The government should provide export subsidies (particularly on transportation, packaging and processing) to the business communities aiming to support the local industry.
- Improved packaging, storage and processing can equilibrate the demand and supply overtime and minimize seasonal fluctuations in the regional markets. It will stabilize the produce prices too and producers can plan their production cycle more effectively.

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