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An observation on Marketing Structure and Strategy for Future Expansion of Poultry in Bangladesh

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Abstract

For maintaining the need of protein and nutrition and also creating employment opportunity for unemployed people specially women, poultry industry plays an important role in the agriculture sector in Bangladesh. This paper tries to assess the total industry related to marketing of product and final consumption. It also includes the demand and supply of chickens, eggs, chicks, feed mills, breeder farm, hatcheries etc. The marketing structure and systems are limited for medium and small size firm within whole sell and retail system. On the other hand, the marketing scope, procedure and strategy of big firms like CP Bd Co. Ltd., Kazi Firm Ltd., Aftab Bahumukhi Firm Ltd., Paragon Poultry Ltd. and ACI Godrej Ltd. are very wide and broad. It is fact that the grass root level farmers of poultry are suffering from high risk specially when political instability exists in the country. They are also earning insufficient profits even most of the big companies sometimes are suffering losses due to the deadly threat from bird flu and this is why the stakeholders fear to invest further. However, as a densely populated and highly increasing population, the demand for meat of chicken and eggs are increasing to fulfill the demand of nutrition in Bangladesh. In addition, not only to fulfil the domestic demand, we will be able to export chicken and eggs which will increase the earnings of the country. Now it is seen that small-scale poultry production contributes a lot in the total industry. This study will be helpful for the new entrepreneurs and large, medium & small-scale poultry producers.

Keywords: Poultry, CP Ltd., Kazi Firm, Aftab Bahumukhi Firm, ACI Godrej, SWOT.

INTRODUCTION

Bangladesh which is previously known as East Pakistan has a very old history of poultry. One of the ancient breeds of chicken, presently called the Asia Red, is still found in East Pakistan/Bangladesh. Almost all the villages of this country have

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some poultry birds raised for a subsidiary source of income and for food supply. All the operations related to their raising are carried on a small scale with traditional village practices.

The grass-root level farmers of poultry are suffering from high risk and insufficient profits. Also, the distributors are not enjoying a risk less profit. There is an insecurity and instability found in the market. Most of the companies are sometimes suffering losses during bad time. Due to the deadly threat from bird-flu all the stake holders fear to invest farther. Despite the fear of bird flu some farms are investing more and more in the industry to take the advantage of the opportunity of less competition. The price of raw material was unstable too due to high demand in the international market. This high price creates a problem for both the company and the farmer. The farmers are getting expert day by day with help of private companies and government training facilities. Because of the nature of the product (live and perishable), the marketing process has faced many difficulties. The companies and the farmers have to sale their product as soon as it ready. Bangladesh poultry industry is ready to fulfill the demand of this country and in the near future this industry would be exporting poultry product.

In the evolution of the poultry industry in Bangladesh it is found that poultry plays a vital role in Bangladesh & involves 85% of rural people. Improved variety of birds firstly imported in 1935. Six poultry farms were set up in 1947 at different locations of the country, “Eggs and Hens” in 1964. Biman poultry complex started its operation, after liberation, BRAC developed “Rural Poultry Model” in 1983. In early nineties, private parent stock farm started. Large scale eggs and meat production have increased production from last 15 years in this country. AFBL introduced dressed chicken marketing at first in Bangladesh. C.P. Bangladesh Co. Ltd. started its operation as a lone foreign company in the Bangladesh poultry industry in 1999. C.P. started to market cooked chicken items in 2008.

Commercial poultry industry is growing rapidly in Bangladesh. Estimate shows that poultry population is increasing at the rate of 6.5% per year in the country. There are over 116.5 million chickens and 13.47 million ducks in Bangladesh. This poultry sector is growing may be because the fish population is not sufficient as per demand and people are switching to poultry as a source of animal protein. According to 2006 census completed by the Department of Livestock Services (DLS) and the Poultry Sector Development Project (PSDP), there are approximately 38,000 commercial poultry

farms housing 124,10,000 layers and 107,84,5000 broilers in Bangladesh (Jarjour, 2006). These poultry farms are producing approximately 10474 tons (i.e., 1063 million tons per year) of excreta every day in the country.

Dr. M.M Rahman, Dr. M.H Khan, Dr. R.N. Mollick and Dr. R.E. Hudgens of Bangladesh Agricultural Research Council (BARC) in 1989 opined in Guidelines for farming system Research Mythology that when research efforts are geared to study the whole form as a system of interdependent components, it is called farming systems research. The approach involves selecting target areas and farmers identifying technical problems and production constraints, exploring possible solutions to problems under farmer's conditions and disseminating these findings through the farming community. In the process, opportunities for improving public politics and support systems affecting the target farmers are also considered. Therefore, FSR is aimed at enhancing the efficiency of farm production, through the balanced focusing of agricultural research so as to facilities the generation, Testing and adoption of improved technologies.

Prof. Goutam Buddha Das said in 2004 that about 50 lacks people directly or indirectly are engaged/employed with poultry farm. As per Government's accounts there are about 50,000 poultry firms in the country.

Importance of poultry farm may be mentioned in following way:

1. Eggs and Chicken's meats are supplied by the poultry farm for the improvement of human health.
2. People of villages and urban by establishing poultry farm may contribute more and more in economic development and employment generation.
3. Very small amount of capital is required for the establishment of poultry farm.
4. It is observed that in a very short time i.e. chicken give eggs within 5 months and boiler chicken give meet within 5 weeks to 7 weeks.
5. Vitamin is found more in the eggs of hen than the rice and milk of cow. Etc

Fisheries and Livestock minister Md. Sayedul Haque said on 21 October 2016 the government is working to increase the per capita egg consumption to 140 annually. He also said that his ministry is working to develop poultry sector as 40% of animal protein comes from it.

The report is based on existing poultry industry of Bangladesh and it is a study on marketing of poultry product of different big, medium and small farms. Here it is tried to discuss marketing and managing procedure of poultry farms in Bangladesh.

The broad objective of the study is to provide sufficient information about the poultry industry in Bangladesh to develop the recent portrait about this emerging sector. For this reason, it attempts to find out some specific objectives which are: (i) to provide the current market situation and to develop a better marketing strategy for the companies; (ii) to identify marketing strategies for products of different farms; (iii) to collect information about the competitors regarding export & import sector; and (iv) to overcome the subsequent business obstacles and to provide information about research & development.

This study covers the product marketing mainly poultry feed and chicken. It is assumed that chickens are the main poultry product and also observed that the ducks are used for egg production mainly. Different types of birds are grown-up in domestic ownership. So, it can expect that emphasis on chickens covers the most of the part of poultry industry in Bangladesh.

OVERVIEW REGARDING SOME FAMOUS COMPANIES

C.P. Bangladesh Co. Ltd

C.P. Bangladesh Co. Ltd. is a sister concern of C.P. Group Thailand and run in Bangladesh with Bangladeshi personnel. C.P. Bangladesh Co. Ltd. is incorporated in Bangladesh on 14th January 1999 doing business in the agricultural industry and poultry sector. In this shorter period, it has established its' own feed mills, breeder farm, hatcheries, grand- parent (GP) farm, fish feed mill all over the country.

Its vision was "to be a leader in agro-business industry in Bangladesh" and each day it is getting closer to its' vision. C.P. Bangladesh Co. Ltd. focuses on quality and productivity. It prepares them for the future by building world-class facilities, transferring technology, trained up efficient management. They look at the future with confidence. It has four feed mills in Bangladesh operating in Savar, Narayangonj (Rupgonj), Rajshahi (Putia) and in Chitagong.

It has three hatcheries in Bangladesh situated in Dhaka (Kaliakoir),

Bogra and Chittagong. Its' production capacity of 12 lac broiler and 2 lac layer day-old-chicks (DOC) per week. CP now produce popular broiler breed Cobb500 and Ross308 and Isa brown for layer. It has also started its fish hatchery producing Tilapia fry.

CP feed is well known in Bangladesh for its premium quality and produces different types of feed (i.e. broiler feed, layer feed, breeder feed, pellet and mash feed, fish feed etc), day old chicks (broiler chicks, layer chicks), ready pullet, fish fry, animal health medicine and vaccine, cooked food (chicken fry, grill chicken), fresh egg, hybrid maize seed etc. The company follows a strict policy starting from collecting its raw material through feed producing. The company is uncompromising about its feed quality. Same goes to its' hatchery management.

CP follows the traditional system of distribution of the poultry industry. It has distributors all over Bangladesh. It has tried to establish dealer points starting with the poultry zones in some areas of Bangladesh like Savar, Gazipur, Narayangong and the major district. Within five years it has dealers in every district in Bangladesh except those districts without poultry market.

CP mainly gives two types of dealership: (i) Independent dealer and (ii) Direct feeder. A direct feeder can use CP product only for his farm but cannot sell outside. An independent dealer is mainly a reseller to the farmers.

Kazi Farms Ltd.

It was established in 1996 as a hatchery of imported eggs. The following year it started its' own parent farms, and in 2004 production started in its grand-parent (GP) farms. In addition to producing breeder feed to meet its' own requirements, in 2006 it established the largest and most advanced feed mill in the country with technical assistance from Cargill USA and Buhler Switzerland.

Kazi Farms Group is the grand-parent franchisee of Cobb-Vantress USA for Cobb 500, acknowledged world-wide to be the best broiler. It also has a smaller number of grand-parents of the popular Ross broiler from Aviagen USA. Kazi Farms Group was the first exporter of hatching eggs and day-old chicks from Bangladesh. Kazi Farms Group has over 50 broiler parent farms, layer parent farms, broiler grand-parent (GP) farms, hatcheries, feed mills and sales offices in different locations throughout Bangladesh. Kazi farms has the largest day-old-chicks (DOC) production

capacity in Bangladesh by producing more than 20 lac chicks per week.

Aftab Bahumukhi Farms Ltd.

Aftab Bahumukhi Farms Limited was founded in 1991 started from Bhagalpur, Bajitpur, Kishorgonj. Its' main objectives were to provide and make available good and hygienic sources of poultry protein, dairy product, fish, vegetables, cereals etc. Under the field of activities, it has the following operational divisions: Aftab Poultry maintain parent (Breeding) stock in own farm & through contract growers and producing 2 million day-old-chicks per month in a modern hatchery. It is producing broiler chicken through contract growers, processing chicken by modern poultry, processing plants. Marketing & distributing DOC, live, dressed & portioned chicken throughout the country by its own distribution system.

Poultry feed mill was first established primarily to provide balanced feed for the ABFL own poultry. It was later expanded to meet the demand of poultry feed for the larger section of the growing market. At present ABFL has 3 feed mills with capacity of 10000 MT/month & distributing balanced feed to the farmer throughout the country by its own distribution system.

Paragon Poultry Ltd.

Paragon Poultry Limited (PPL), is one of the largest integrated poultry farms engaged in the production of day-old commercial chicks, table eggs, and poultry feed. PPL started its journey in 1993 with its' commercial layer operation at Gazipur. Over the past 9 years, it has expanded its operation into production of day-old-chicks and poultry feed. PPL has been the pioneer in introducing state of the art technology and advanced known how in poultry farming and hatching industry in Bangladesh. PPL has also been one of the leading poultry feed manufacturers in Bangladesh. It has been successful in establishing its brand name in the market by maintaining a rapid market growth and gaining buyer confidence. This company believes the endless effort should be continued to keep the highest standard and the leading position in the market.

ACI Godrej

ACI and Godrej have a joint venture in Bangladesh to set up an Integrated Poultry Project. Under this project, ACI Godrej Agrovet has already set up a feed mill at Sirajganj. This is fully automatic pellet poultry and fisheries feed mill, which uses technology from

Jiangsu Muyang group of China. This company has set up a hatchery at Joynabazar, on the Dhaka Mymensingh road, with technology from Godrej. The plans for this project also include establishing grand-parents and parent stock breeding farms. The investment in the project is BDT 8 crores, with ACI Ltd. having 50% shareholding of the company.

It is estimated that 95% of all poultry meat and eggs go through a live market and so far, the poultry market has predominantly been a free, unregulated market with most of the products sold unprocessed. “Two-step” transactions are usually observed in the marketing channels; first is the assemblers who accumulate live birds and eggs from local market, and the second is the retailers in urban or semi-urban areas, who collect the products from assemblers and sell to customers.

Assemblers either sell the products to wholesalers or transport the accumulated products to the retail market in urban or semi-urban areas. In addition to profit margin, rural assemblers/middlemen, who spend their time and money for the business, also bear the cost of transportation; sometimes incurring and encountering physical losses during the collection and moving the birds or eggs.

REVIEW OF LITERATURE

A brief review of literature regarding poultry business in Bangladesh is presented in this section.

Kabir (1974) conducted study on Poultry marketing in Mymensingh town with particular emphasis on consumer demand analysis and found that poultry had a shorted marketing channel consisting of traditional Beparis and Retailers in Mymensingh town.

Sikder (1976) studied that poultry marketing considering Dhaka City markets as the focal point and 5 markets in Mymensingh as the supply hinterland of poultry marketing in Dhaka City and observed that price of poultry was determined by Bargaining power of buyers and sellers.

Alemu and Tadelle (1997), The poor rural farmers produce chickens and sell them to earn cash required for various household expenses. There is a growing demand for chicken meat

and egg in urban areas due to substantial increase in price of beef and mutton. Therefore, chicken production is likely to play increasing role in supplying animal protein for human consumption in the country. Chicken meat is relatively cheap and affordable source of animal protein. However, at home and restaurants chicken dishes are more expensive than other dishes such as beef and mutton probably due to the way chicken dishes are prepared.

Branckaert and Guèye (1999) reported that an established market structure for free-range chickens is a prerequisite for developing family poultry. Even in breeding program development, indices require appropriate economic values that could be derived from such market studies. Market access factors, which refer to the existence of local markets, infrastructure, and adequate transport facilities, are obvious prerequisites for poultry sub sector development (Teklewold et al., 2005).

Hossain (1999) studied broiler and egg marketing in Bangladesh and concluded that farm produced broiler and eggs constituted 55% and 82% respectively of the total chicken and eggs sold in Dhaka city. He also observed the demand of dressed broiler to be growing rapidly with the establishment of fast food shops in Dhaka City.

Alam (1999) studied broiler consumption pattern and marketing system in Dhaka City and identified consumer buying behavior of the products. Two important marketing channels and some problems relating to poultry products marketing therein the Dhaka City.

Holloway et al. (2002) said that the International Livestock Research Institute (ILRI) and its partners have identified that encouraging market participation of smallholder livestock producers is a major pathway for getting rural people out of poverty and improving their food security, as livestock contribute to the livelihoods of more than two-thirds of the world's rural poor.

Aziz (2003) emphasized organized marketing system to reduce marketing cost to benefit the producers as well as the consumers.

Saleque (2007) said that only 5% of the poultry meat consumed in Bangladesh was processed in a modern slaughter house, but the HPAI crisis has led consumers to demand processed chicken to greater degree. He also said that in slaughtering birds may be killed

and slaughtered in the market or they may be brought home by the buyer to be slaughtered at home. In either case waste will generally be scattered, unprocessed around the point of slaughter.

Alam et al. (2008) observes broiler market prices included studies of prices received by the farmer and paid by the consumer in their study on the impact of Avian Influenza. These results suggest that the consumer will have to pay between 20 to 30% above the price that the farmer receives. For eggs the same study showed a price difference between the price the farmer received and what the consumer paid of 18% to 26%.

Andrew et al. (2008), Marketing systems play a decisive role in vibrant economies as mechanisms for both exchange (necessary for specialization and hence leads to higher economic growth) functions and the proper coordination of the exchange (through price signals) which reflect and shape producer and consumer incentives in supply and demand interaction. If small scale domestic producers are to take advantage of the projected domestic demand growth, then marketing systems in the supply chains linking producers to consumers must be able to support low cost production and timely delivery of the products.

METHODOLOGY OF THE STUDY

Management-wise study of selected poultry farm has been done for identification of factors responsible for marketing and business crisis and problems.

1. The study has been based on both primary and secondary source of data and information.
2. The primary data has been collected from selected poultry farm of different owners and management by investigation, through check list interview and prescribed questionnaires. Sampling method is followed. 20 numbers of whole-sale trader and 15 retailer traders for boilers and 15 traders for eggs are selected.
3. The secondary source of data and information is from published books and journals, periodicals, newspaper, records of different offices.
4. The research is an empirical study and explanatory.
5. To investigate the structure of poultry production cost and determines profitability of poultry keeping.
6. SWOT analysis will be applied for this study.

DISCUSSION

Marketing is an important aspect of any livestock production system. It provides the mechanism whereby producers exchange their livestock and livestock products for cash. The cash is used for acquiring goods and services which they do not produce themselves, in order to satisfy a variety of needs ranging from food items, clothing, medication, and schooling to the purchase of breeding stock and other production inputs and supplies. Analysis of the marketing system for village poultry will help to determine the economic value and importance of local chickens.

Poultry industry adds more values than any other industries. In our daily life we need to take meat for getting animal protein. So, the poultry producers produce a large quantity of eggs and meat which play a great role to the national economy. Poultry contributes a large part of our GDP. Government declared poultry as a thrust sector & classified as agro-based industry. Both eggs and chicken meat have huge domestic demand. And poultry is the sector for obvious profit. Government liberalized its policies by introducing easier loan procedure, lower interest rate, tax holiday etc. Free training with payment is provided to the interested from mass people to encourage the willingness. Some small amount loan is given among the people to grow the poultry production. Egg production has been increased during last 10 years; Poultry meat production has been doubled. It contributes- poverty reduction, new employment generation, and nutritional status. There are many people shifted from serial to non-crop about 5 million people.

It is observed that in Bangladesh in ancient time only the chicken would be produced and brought up by the local family of villages for local and domestic consumption as well as for trading in small way. After 1983 an onwards commercial farming system were introduced by different big farms such as BRAC, CP Bangladesh Co. Ltd., Kazi Farms Ltd., Aftab Bahumukhi Farms Ltd., Paragon Poultry Ltd. and ACI Godrej Ltd. etc.

Scope of Poultry for Domestic Marketing

Practically all poultry products produced in Bangladesh are sold on the local market, although before the outbreak of H5N1 there was an emerging, but still small export of day old chickens to Nepal and the Middle East with several of the commercial companies having export plans (Bubli, 2006).

Birds originating from the backyard production system and commercial farms are very often handled together on markets. Different

species of birds i.e. wild birds, ducks, pigeons, quails and chicken are mixed. If they are not caged together, then cages with the different species may be stacked upon one another.

The Bangladesh Centre for Communication Programs (BCCP) (2006) in a study of poultry market noted in Dhaka city and Dhamarai upazila in Dhaka district; In Gazipur town, Sreepur upazila in Gazipur district; in Habiganj town and Chunarogat upazila in greater Sylhet district and in Rajshahi District it was Rajshahi town and Chapainawabganj upazila. These locations were chosen as (i) most of the poultry farms are located in these areas (ii) smuggled day-old-chicks usually enter through these areas and (iii) migratory birds visit water bodies which are located there.

The major sources of supply of broilers in Dhaka city are the surrounding districts like Gazipur, Savar, Narayangonj, Narsingdi, Munsigonj, and Kishorgonj. Among these, Savar, Gazipur and Narsingdi are the largest sources of supply. It is also found that some small farmers of Dhaka city supply broilers in the city market.

It may be pointed out that the following information shows us the comparative price between chicken meat and beef. Before 2003 the price of chicken was higher than the price of beef. In 2007 we see the price per kg beef is 180tk and the price of chicken meat per kg is 95tk. So, meat of chicken has huge demand.

Egg import is banned but import of day-old chicks to grand-parent and parent farms are permitted (GoB) and there is probably some illegal imports of eggs and birds for slaughter from India (World Bank, 2006). There is no export at the moment of writing because of bans related to the presence of HPAI in the country. There had been some exports earlier, although very limited, to places like Nepal and the Middle East. Until the HPAI outbreaks, it was government policy to encourage exports (Bubli, 2006) with cash incentives and tax exemptions for income derived from export. The local poultry birds are considered inferior to “improved” ones, for commercial purpose. Table 1 represents some comparative figures.

Table 1: Comparison between Local Variety and Improved Varieties

Items	Local variety	White leghorn	Rhode Island Red	New Hampshire Red	Star Cross	White Plymouth Rock
Average weight of an adult bird (in lbs.)	3 to 3.5	4.5 to 5	5 to 6	4 to 4.5	7	
Maturity (in months)	8	6	6	6	6	6
Egg production per year per bird (average)	362	175	168	165	250	145
Weight of an egg (in grams)	35 to 40	40 to 45	40 to 45	45 to 50	45 to 50	55 to 60

Source: Annual Report of the Japanese Experts

Small scale poultry production industry has been developing in a large number in developing country of the world. In the last few years, the recognition of small-scale commercial poultry production helps to accelerate the pace poverty reduction especially in Bangladesh. Poultry is one of the most vital and prominent among all the industrial sectors of Bangladesh. There was a time when poultry was considered as a small means of little part time income for the poor living people specially in the rural areas of Bangladesh. But now it has appeared as a very promising and flourishing arena of the country's economic development. Bangladesh holds a long historical record of poultry raising under traditional farming. It is now in a transitional stage of production and to be an emerging agri-business. This industry has received attention of the investors and getting remarkable changes in the last few years. Statistics shows that the total production of poultry protein is increasing progressively each year. As the number of populations are increasing per year, the market of poultry products is expanding very rapidly. The existing production of poultry is remaining behind than the existing amount of need of people of Bangladesh. There is gap between demand and supply of poultry products. To make it a viable industry integrated policy action needs to be taken up both at Government and private person or organization.

Exporting Prospect of Poultry Product

Consumption of meat in developing countries grew by 70 MMT (Million Metric Tons) from 26 MMT. So, it is an opportunity to export poultry products outside the country. Bangladesh stays beside India, China, Japan those are large emerging market for poultry.

Now it is the appropriate time to capture the big market. Another thing is that the neighboring countries are not so much alert to the poultry specific quality (certain nutritional value in defined percentage). So, we should go for mass production and try to export outside the country. In the meantime, we can develop the basic quality of poultry products. The prepared food can also export in the foreign country. Dressed chicken is the most essential food item in the European countries. We could supply this in Middle East as profitable operation in international market. It is not impossible for the part of Bangladesh.

There is a lot of opportunities to sell poultry product specially meat in the foreign countries and earn a lot of foreign exchange. The poultry industry has the power to earn money from India, Malaysia, Indonesia, and countries of Middle East. We may export dressed chicken, fresh meat, or prepared food by chicken. There may be some chance to export day's older chicken and developed quality eggs for breed day older chicken. So, we should provide effort to export poultry in foreign countries as early as possible.

Major Challenges

"Yesterday who was a solvent farmer has become a poor guy today" - this is basically true to the poultry farmers. The farmers are severely suffering from security of their farms and investment. Every year thousands of farms are collapsing due to bird flu outbreak and many for their incapability to by high priced poultry ingredients and absorbing losses from market price fall. However, the poultry industry of Bangladesh currently facing the following challenges against its growth potentials. The country's poultry sector with an estimated investment of Tk. 200 billion is fraught with problems that need immediate attention, according to Wasi Ahmed in Financial Express (FE) of Bangladesh. Lack of access to finance in terms of affordable bank credit, anomalies in duty structure of imported materials - particularly feeds, 'unfair' competition from foreign farms and the frequent outbreaks of avian flu are some of the known maladies threatening existence of this highly prospective sector.

Industry leaders complain that following the severe setback suffered by the sector due to intermittent attacks of avian flu, particularly in the year 2007 and after, the government should have been more forthcoming in providing the required nourishment that the sector

badly needed to overcome the difficulties. Such nourishment, they hold, could come by way of fiscal incentives such as exemption of poultry materials from import duties and VAT for a certain period of time, particularly in respect of import of bio-security kits which are used to prevent the outbreak of avian flu. It has been reported that currently importers pay 78 per cent duty and VAT to import such kits.

The price of poultry raw materials has increased sharply in the international market. Very naturally, the production costs have also hiked up. Gopalkrishnan and Mohanlal (1994) argue that food costs represents 65 to 75 per cent of total cost of commercial poultry production, depending mainly in the relative costs of feed constituents, labour, housing and costs of miscellaneous items in a particular situation. Moreover, this sector also suffers greatly due to load shedding.

Cost push inflation and demand-pull inflation both are presently prevailing in the country. As a result, purchasing powers of the people are declining. According to Economic Trends (2011) the annual rate of inflation increased to 9.43 percent at the end of the August 2011 from 7.87 percent at the end of August 2010.

The Financial Express reports that industry owners said poultry feed prices will go up further affecting the local eggs and meat supply if the government does not check maize export amid production fall in the global markets. Recently, the National Board of Revenue has imposed new taxes on maize import. This has created problem as maize is the key ingredient to prepare poultry feed.

- Breeders Association of Bangladesh (BAB) president Moshiur Rahman said a group of vested local traders is pushing the government to permit maize export when only 50 percent of our demand is being met by the locally produced maize. We need to import the rest 50 percent of maize from the international market to produce feed for the poultry birds, he added. The present demand of maize in poultry industry is nearly 1.6 million metric tons per year. In last fiscal 2011-12, a total of 1.6 million tons of maize was produced in Bangladesh, Department of Agricultural Extension data showed. The government should ensure smooth marketing facilities and check political unrest to ensure better prices for the maize growers instead of allowing

export, Mr. Moshiur said. Maize is an essential raw material for producing poultry feeds in which nearly sixty percent of feed ingredient is available, millers said.

- Feed Industry Association Bangladesh (FIAB) President Ihtesham B. Shahjahan said prices of poultry feeds have already increased in last few months in the international markets. If the government does not ban export of locally produced maize, the poultry feed production cost will rise further hitting the poultry farmers in chicken and egg production, he said.

Losses incurred by the poultry industry in last few months

It is reported in the Business Page of The Daily Star on 18th January 2015 that the poultry industry has incurred losses of around Tk. 256 crore for the last 2 weeks due to the nonstop blockade which have knocked the sector's tight supply chain. "Our sector is facing a very difficult time. Every day we are counting losses", said Moshiur Rahman, Convener of the Bangladesh Poultry Industries Coordination Committee (BPICC), a group of six associations in the poultry sectors. The production day-old chicks, eggs and broiler chicken take place on a daily basis and they have to be shipped on the same day as the farms lack storage and preservation facilities.

"So, we have no other option but to kill the day-old chicks and destroy the eggs if we cannot send them out on the day", he said, adding that the blockades and shutdowns are forcing poultry farmers to destroy around 22 lakh day-old-chicks every week. Since January 5, the poultry farmers were unable to sell around 8 crore eggs, 7,000 tons of meat and 99 lakh day-old chicks, according to Rahman. As a result, they counted losses of BDT47 crore in egg production, BDT79 crore in broiler meat and about Tk 35 crore in day-old chicks in the last two weeks, he added. That's part of the total losses. The transportation of poultry feed and day-old chicks has significantly been disrupted, said Fazle Rahim Khan Shahriar, Managing Director of Aftab Bahumukhi Farms, one of the major poultry companies. Poultry industry leaders yesterday urged the government to provide them with special security for moving their vehicles during the ongoing political crisis and save them from arson. The Government must ensure smooth movement of trucks, lorries and covered vans, which transport eggs, chicks, poultry feed, medicines and other poultry-related raw materials, Rahman said.

Blockades are forcing poultry farmers to destroy around 22 lakh day-old chicks every week, Rahman said. “If we take into account all hartals, blockades and violent movements of the last 15 months, the total losses of the industry would be around Tk 4,500 crore”. In the period, the industry incurred a loss of around Tk 79 crore for chicken meat and Tk 35 crore for day-old chicks, as about 7,000 tons of meat and 99 lakh chicks were destroyed. Amirul Islam, Senior Vice President of Bangladesh Agro Feed Ingredients Importers and Traders Association said the transport cost rose as raw materials could not be supplied in time.

Price of Eggs and Chicks

As the eggs and chickens are very much essential in our daily life, the price of these products is determined according to the market demand. The people of the country have enough purchasing power to buy firm chickens and eggs for their families. But price of local varieties of hen and cock's per kg meat is too high which is beyond the ability of common people.

Egg is a balanced and beneficial food. There are various kinds of eggs; birds and animals. Chicken, goose, and koyals eggs are the main varieties. Egg is accepted worldwide as a nutritious food. People in Bangladesh averagely consume only 40-45 eggs in a year. But United Nations prescribes 104 eggs per year for a person.

The average weight of an egg is 60 grams. An egg contains calcium 30 mg, Iron 1.5 mg, other minerals 8 gm and vitamins. It contains water 35 gm, cholesterol 700 mg, energy 70 calories.

A comparative study of feed price and chicks price of selected big farms

Feed price: CP set a premium price for its feeds. CP has successful to establish its feed quality as benchmark in this country. C P never lowers its feed price than other company to catch market. CP wants to remain the price leader in the market.

Table 2: Comparison of feed prices

Company	Broiler feed (BDT/50 kg)	Layer feed (BDT/50 kg)
CP	1450	1200
Kazi	1300	No feed
Aftab	1280	1100
Nourish	1325	1107
Paragon	1330	-
ACI Godrej	1365	1100

Source: CP Database (Feed price on November 2008)

Chick's price: A comparison in the poultry feed price of some big companies –

Table 3: Comparison in the DOC price

Company	Broiler (BDT)	Layer (BDT)
CP	25	35
Kazi	24	30
Aftab	22	30
Nourish	24	-
Paragon	23	32
ACI Godrej	22	-

Source: CP Database (Feed price on November 2008)

Retail Price in Dhaka City: In June 16, 2007 it has get some retrial price from different market of Dhaka city.

Table 4: Price of Chicken (Broiler)

Markets of Dhaka	Year (2007-08) Price/ kg	Year (2014-15) Price/ kg	Percentage of price increase
Karwan Bazar	BDT 95	BDT 130	36.84
Jatrabari Bazar	BDT 90	BDT 128	42.22
Badda Bazar	BDT 100	BDT 128	28.00
Malibag Bazar	BDT 95	BDT 130	36.84

- Average Retail Price of Chicken/ kg on 2007/2008 = $(95+90+100+95)/ 4 = 95$ (BDT)
- Average Retail Price of Chicken/ kg on 2014/2015 = $(130+128+128+130)/ 4 = 129$ (BDT)

Table 5: Price of Eggs

Markets of Dhaka	Year (2007-08) Price/ 100 Pieces	Year (2014-15) Price/ kg	Percentage of price increase
Karwan Bazar	BDT 390	BDT 725	85.90
Jatrabari Bazar	BDT 400	BDT 725	81.25
Badda Bazar	BDT 395	BDT 720	82.28
Malibag Bazar	BDT 410	BDT 720	75.61

- Average Retail Price of Eggs/ 100 Pieces = $(390+400+395+410)/4 = 398.75$
- Average Retail Price of Eggs/ 100 Pieces = $(725+725+720+720)/4 = 722.5$

The price of the poultry product is moderate high and this is not a problem for farmer or intermediaries to get reasonable profit from the market. But if more production is possible then the price will be low for the consumer. The price was decreased for the threat of Bird Flu.

Information regarding field survey in micro level through collection of primary data

Market price of chicken in wholesale and retail price:

- Rifat Broiler Centre, Taltola, City Super Market, Shop-130, Khilgaon Date of visit: 25/04/2015
- Mr. Aminul Islam, Proprietor of this firm said that wholesale price of per kg chicken is Tk 155 and retail price is Tk 160-165. On the other hand in the month of March per kg chicken is sold at Tk 160 and retail price is Tk 165 or Tk 170. It is reported that the original firm of chicken is situated in Narshingdi and Gazipur. The producer is generally supplying the chicken through vehicle to the destination. The price of red color chicken is higher than the white color chicken Tk 10-20 per kg. Due to the blockade and hartal supply of chicken and eggs was disturbed it is assumed that about 3 per cent are lost.
- Shathi Broiler, Kucca Bazar, AGB Coloni, Motijhil. Mr. Md. Farid Uddin Ahmed told on 25/04/2015 that the price of white chicken per kg was sold normally Tk 160-165 up to Tk 170. The price of red chicken per kg was Tk 170-180 dated last week of 2015. Even this price was found in the month March also. In the month of January and February per kg chicken's price was Tk 135-150. Due to the hartal and blockade the supply of chicken faces problems. 50% business was declines and the business has been faced loss. This businessman is collecting the chicken for Kaptan Bazar, Dhaka.

Remarks regarding field survey

The analysis is based on primary and secondary data and information. From the primary data analysis, it is found that, out of 18 firms, 3 firm's average income is taka 25,000 per month. Another one got the highest income taka 1.3 lac per month. The remaining 14 firm's average income is taka 43,636.37 per month. Almost all firms are doing their business and conducting different activities like nursing, taking care in their own house. For calculation of net profit an amount against house rent must be deducted from their monthly income.

Food and medicine are generally available. But at the time of political instability like hortal, strike and any other obstacles, firms may face some troubles/difficulties. This type of artificial crisis may disturb the sufficient supply of food and medicine. This reason may detroit the good will and reputation of our poultry sector in home and abroad. The power supply must be ensured for each and every firm. Total numbers of employed persons are 52. Two-third are self-employed and one-third are hired employed. In this survey, the small firms and medium types of firms are generally selected, where bureaucratic red tapism are not found and opportunity for self-employment is seen higher.

Table 6: Poultry population and production of eggs in Bangladesh

Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Chicken population (poultry) (lac)	2280.35	2346.86	2428.66	2490.11	2553.11	2617.70
Egg Production (crore)	574.24	607.85	730.38	761.74	1016.80	1099.52

From the above table it is seen that chicken population (poultry) have been increasing gradually since 2009-10 to 2014-15. In the case of egg production this is also increasing gradually but there is some fluctuation.

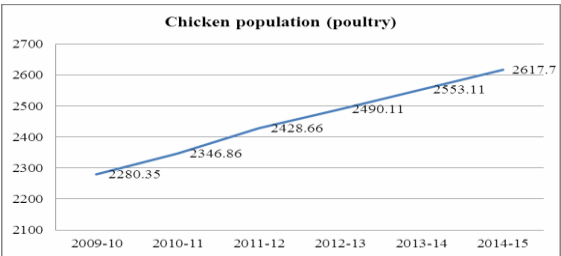


Figure 1: Trend of chicken population in Bangladesh

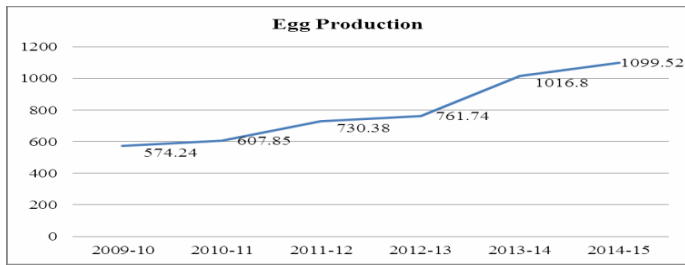


Figure 2: Trend of egg production in Bangladesh

Demand, Production, Availability and Deficiency (2014-15) of eggs

Table 7: Demand, production, availability and deficiency of eggs in 2014/2015

Demand	Production	Availability	Deficiency
1650.48 Crore number (104 numbers/year/head)	1099.52 Crore number	70.26 (numbers/year/head)	550.96 Crore number

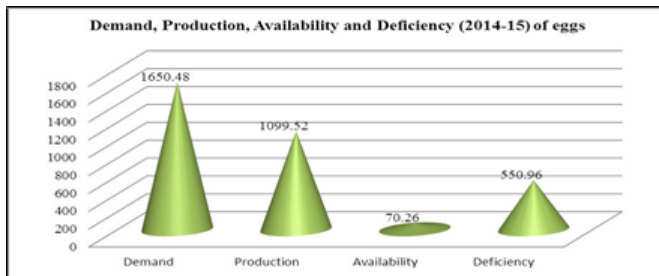


Figure 3: Demand, production, availability and deficiency of eggs in 2014/2015

Bangladesh has large market of poultry product because of its population. We need to produce more poultry to serve our domestic demand. From the above table it is seen that there is deficiency. In fact, average consumption is much lower in our country than other countries.

FINDINGS

The poultry industry is playing a remarkable role in the fulfillment of demand of nutrition. Moreover, a lot of economic activities are related with this poultry farm. It is said that about 25 thousand crore BDT have been invested in this sector (approximately) and about 70

lacs people are employed in this profession. This is why to develop this poultry firm some systematic system will have to be followed. Specially for improvement of the quality of this firm and for the security of the people the supply of chicken and eggs to be ensured. All these comments are expressed by the speakers in the round table conference held on 28th January 2015 in the office of the Prothom Alo which was published on 29th January 2015 in the Daily Prothom Alo.

Mr. Abu Lutfe Fazle Rahim Khan told that last year fish and poultry product were exported worth 74 thousand crore dollar. Only chicken was exported 11 crore ton. This big market can be caught by the owner of domestic poultry firm. For this reason, the poultry sector should be developed up to level of international standard. Mr. Helal Uddin, Vice President of FBCCI said that the practice of using the antibiotic and vaccine to the chicken before 7 days of marketing, but remote oriented farmers have no knowledge regarding this. They are using the antibiotic and vaccine just before bringing to the market. As a result, the consumers are also affected by this type of antibiotic and vaccine.

The number of populations in Bangladesh is about 15.79 crore (Bangladesh Economic Review, 2015). It is said that poultry sector is creating job opportunity for about 10 million people who are directly related with production and trading. Poultry is considered as an important source of animal protein and nutrition all over the world. In Bangladesh, poultry contributes a major share of animal protein simply because of the limitations and religious taboos in case of pork and beef. Bangladesh is a country the people of which consume the lowest percentage of protein than the minimum requirements because of inadequate supply of protein-generating food products. Poultry meat and egg can effectively fulfill the shortage of protein requirement, since it can be produced at the least cost, lowest time and efforts than the other protein producing animals. It is said that, the weight of 40% children those are less than five years age are suffering from less weight and 36% of children are suffering from less height. Estimate shows that poultry population is increasing at the rate of 6.5% per year in the country but our population rate also increasing. As a result, there always prevailing deficit between demand and supply.

Sometimes there is artificial crisis. We would like to quote that, Taher Ahmed, (December, 2013 and January, 2014) president of the

Egg Producers Association said that their weekly production is around 10.50 crore pieces. They suffered losses of Tk. 266 crores for failure to sell 30 per cent of their total product and Tk. 364 crores for selling eggs at less than their production cost.

Sometimes the poultry firms are compelled to sell day old chicks and broiler chicken below production cost due to a disruption of supply chain. It is observed that small scale commercial poultry farming on roofs of dwelling house in Dhaka city are highly profitable but there are some problems like lack of financing and medicine facilities as well as lack of timely availability of day old chicks on fair price. Besides this health hygienic issues also discourage people from residential poultry farming in Dhaka city.

Poultry leaders are demanding banks rescheduling loans, waiver bank interest and provision of government's different types of financial support. As there is political unrest of many days in the country in 2015, the supply of eggs and chicken are disturbed and faced problem.

There is a criticism that poultry foods are made by the wastage of tannery. In this connection it is said that 99% of poultry firm are not using the wastage of tannery. Only a few firms may practice this which should not be blamed of all poultry firm. Under this situation govt. may take the decision or issue the order for not using tannery wastage in the food of poultry in any form. Besides this compulsory registration of poultry firm should be strictly followed.

In small and medium size of farm, the owner, manager and the director most of the times are seen same person. Their capital is also very poor, so, expenditure behind office management is not possible. Their motive is less costing and more profit. This is why detailed information collecting especially regarding costing is not possible.

SWOT Analysis result based on selected big farms

Strength:

- Higher number of chick production
- Highest number of distributors in some big farms
- Big capacity of feed mill of few famous farm
- Hatcheries are located in the strategic location of big farm
- Parent and grandparent stock
- Presents of strong distributors of some farm

- Experienced in production and quality management
- Good demand for distributorship of some big farm

Weakness:

- Maintaining chicks quality sometimes become difficult
- Maintaining feed quality
- In some cases there is absent of strong distributors
- Lack of consistency in the marketing
- Absences of challenging management
- Production is poor in few farms
- Start business without a hatchery

Opportunity:

- To establish more large-scale farms
- To increase employment
- To sell more feed
- Sell grand-parents
- Sell hatching eggs to small hatchery
- Go for dressed meat marketing
- Feed for large animal
- Fish feed
- To increase feed market share

Threat:

- Diseases i.e. Bird flu, Gambura, Ranikhet etc
- Entrance of multinational companies in the poultry industry
- Increase in the production of other company
- Strong competition from local companies

RECOMMENDATIONS / SUGGESTIONS

There have been many positive gestures from the government. It has increased subsidy for the bird flu affected farmers. It has taken initiatives to invent new vaccines to get rid of the problem of the bird flu, for which they are going to spend Tk 57 core. New projects are also being implemented to benefit for the livestock sector. To mitigate food deficit especially that of protein, the poultry sector needs special attention. The following recommendations should be considered:

1. Public and private collaboration is essential. Strategic alliance between private sector and the government can be developed.
2. Tax exemption can be extended till 2025.
3. Imposition of tax on import of maize ought to be withdrawn.

4. Bank loan in the poultry sector should be arranged at a 5 per cent (or less) at simple interest rate per annum. It may be mentioned that Government is giving loan to the small dairy farm at the rate of 5 percent interest. Conditions should be eased. Moreover, banks should come forward through opening special windows for loan and special services so that new entrepreneurs can invest in this sector.
5. Supply chain management should be improved so that the poultry farmers can supply directly to the retail shops as well as to the whole sellers.
6. Poultry insurance should be introduced immediately if still there is no provision of it. Insurance companies should come forward with such policies.
7. Electricity supply arrangement for the poultry farms should be sufficient as per requirement.
8. There should be the punishment provision from the govt. for mixing the wastage of tannery in the food item of poultry firm.
9. The transports and vehicles related to the movement of poultry food, eggs, chicks and meat should be given assurance of safely movement all over the country especially at the time of political unrest.
10. It is fact that in our country there is unemployment problem and shortage of capital for common people. Under these circumstances our program should be based on employment generating system and provision for capital investment for poor and middle class. It is the one of the important sectors by which we can generate more and more employment opportunity, self-employment growth and open the scope of small investment in family level.

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