

CAB Training Cards



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Technical-Financial Appraisal of Poultry Projects

Introduction

- India is the third largest producer of eggs (84 billion in 2016-17) and fifth largest in poultry meat production (4.5 million tons (2016-17) in the world.
- About 60-70 per cent of broiler activity is carried out by contract farming in India.

Technical aspects

- The area selected for poultry farm should be elevated and well drained and well connected to the urban markets.
- Good quality DOCs should be purchased from reputed hatchery.
- The birds should be insured at the spot of purchase itself.
- **Rearing system:** Normally broilers are reared in the Deep litter system while layers are reared in Cage system.
- In deep litter system the floor is covered with litter material such as straw, dry leaves, saw dust up to a depth of 2 to 3 inches and birds are kept @ 5 to 7 per sq meter.

Stage	Period (weeks)	Deep litter Space (sq.ft)	Cage system Space(sq.ft)
Brooder	0 to 8	0.5	0.3
Grower	9 to 20	1	0.5
Layer	20 to 72	1.75 to 2	0.8

Stage	Broiler Kg / bird	Layer Kg / bird
Growing stage (5 to 6 weeks for broiler: 0 to 20 weeks for layer)	3.3	7.5
Laying stage (20 to 72 weeks)	----	39

- In cage system depending upon the bird density, brooder, grower and layer sheds in the ratio of 1:2, 1:1:3 or 1:1:5 may be followed with a floor space as indicated in the table.
- The feeding schedule as shown in the table.
- Veterinary services, drinking water, electricity and assured market to be ensured.
- Biosafety measures like space between the sheds, vaccination schedule to be followed.

Financial aspects

- **Project cost** includes (A) Capital cost i.e., sheds, water supply, equipment and machinery and (B) Recurring Cost includes cost of DOCs, feed, insurance, labour.
- Recurring cost for the first batch may be capitalized for arriving at bank loan.
- The benefits include sale of eggs/ meat, manure and gunny bags.
- **Flock chart** is to be prepared in the case of layer farming to find out no. of grow days, laying days, no. of batches purchased and no. of batches culled every year. For broiler farming since the practice being followed is “All in all out “system, around 6 to 7 batches per year is taken into consideration for financial appraisal.
- The economic life of the investment may be taken as, 7 to 8 years for calculating income and expenditure statement.
- BCR, NPV and IRR are to be calculated on the basis of the cash flow to find out the financial viability of poultry project.
- DSCR is to be calculated on the basis of net income generated to find out the bankability of the project.
- **Sensitivity analysis** to be carried out to see whether the poultry project is viable if there is 10% increase in the cost of feed or a 10% drop in egg/ meat prices.

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