

# **Commercialization of the Poultry Enterprise: The Case of Aftab Bahumukhi Farm Ltd.**

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## **1. INTRODUCTION**

Bangladesh is a country with abundant and cheap labour force awaiting opportunities for gainful employment. People of either sex constitute a huge human resource. By utilizing these resources in befitting and dignified manner, a significant development can be achieved. One such promising avenue for income and employment generation is to develop commercial poultry farming in rural areas. An increase in poultry production will also help minimize protein gap in human diet, especially for the poor. With this end in view, the Islam Group, from its initial interest in the poultry sector, established Aftab Bahumukhi Farm Ltd. in 1991 (ABFL) and subsequently became active as a multidimensional conglomerate. Aftab Bahumukhi Farm Ltd. is located at Bhagalpur, an emerging picturesque village under the Bajitpur police station in the district of Kishoregonj. This paper presents a picture of the activities of the ABFL, particularly centering round production and marketing of poultry in the country.

## **2. DIVERSIFIED ACTIVITIES OF AFTAB BAHUMUKHI FARM LTD.**

At present Aftab Bahumukhi Farm Limited is involved in the following fields of activities:

1. Hatching egg production, through own and contract grower farms by maintaining parent stock
2. Production of Day Old Chicks of commercial broiler
3. Commercial broiler production through contract grower farms
4. Poultry processing plant
5. Feed mill
6. Aftab Milk and Milk Products Ltd (now this is a separate company)
7. Aftab Fisheries
8. Seed production

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## 2.1 Hatching Egg Production through Own Farm and Contract Growers Farms

Aftab Bahumukhi Farm Ltd. used to maintain about 13000 broiler and layer parent stock upto 1995 in its own 6 farms. In the year 1996, ABFL expanded its parent extension farms and it currently maintains about 32000 parent stock in its own farms. These stocks have been maintained by the professionals and ancillary staffs. With the success of own farm, the ABFL management decided to expand its hatching egg production programme through parent stock contract growers. Subsequently, it expanded its activities in nearby villages of Bajitpur thana and adjacent villages of Kotiadi, Pakundia and Hossainpur thanas of Kishoregonj district. Table 1 presents the scenario of parent stock contract farming.

**Table 1: Scenario of Parent Farm Contract Farming during the year 1995-2003**

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003
No. of Contract Parent farm	2	6	6	13	19	48	86	120	135
No. of birds housed/year	2000	8000	10000	26000	49000	111500	220000	360000	390000
Average Income (Tk.) per month	30000	30000	30000	30000	30000	30000	30000	30000	30000
No. of family directly benefited	4	12	12	26	38	96	172	240	270
No. of person directly benefited	20	60	60	130	190	480	860	1200	1350
No. of family indirectly benefited	2	6	6	13	19	48	86	120	135
No. of person indirectly benefited	10	30	30	65	95	240	430	600	675

**Table 2: The number of own farm, contract growing farm and parent stock capacity during 1995-2003**

Year	House No.		Bird housing capacity (Nos.)			Growth rate (%) of contract growers farm	
	Own	Ext.	Total	Own	Ext.		Total
1995	6	2	8	13,000	2,000	15,000	-
1996	9	6	15	20,500	8,000	28,500	200
1997	18	6	24	32,000	10,000	42,000	0
1998	18	13	31	32,000	26,000	58,000	117
1999	18	19	37	32,000	49,000	81,000	46
2000	18	48	66	32,000	111,500	143,500	153
2001	18	86	104	32,000	220,000	252,000	79
2002	18	120	121	32,000	300,000	332,000	40
2003	18	135	153	32,000	405,000	437,000	13

Source : Aftab Bahumukhi Farm Ltd. data base.

Table 2 indicates that ABFL expanded almost 94% of its parent stock maintenance programme through the contract grower system. The secret behind such a big success lies in meeting the special needs of poor and less educated farmers by providing costly Day-Old parent stock imported from Malaysia and France and distributing those on credit among the contract growers. The ABFL extends all credit support like fund for construction of farm house (through bank), medicine, vaccine, feed and by imparting technical know-how regarding bio-security, feed management, litter management, debeaking, vaccination, lighting programme etc. to the less educated farmers, who never thought that they could be able to rear parent stock and produce quality hatching eggs. Insurance companies are reluctant to cover the risk of parent stock farms. ABFL took the matter seriously and introduced an internal insurance scheme like security and safety scheme to cover the risk of loss and safeguard the interest of the contract growers in case of immature death of chicks by any diseases and other cogent reasons. On successful launching of this parent stock farming, nearly 5 families get work in each farm and thereby get productive employment. Each farm earns an average of Tk. 20,000 per month (300,000 per flock). The scenario of income generation and employment opportunities is shown in Table 3. ABFL also operates a contributory security fund which is realized after adjustment of ABFL loan at the rate of 7% over their income.

**Table 3: The scenario of income generation and employment opportunities in parent stock contract grower farm in the year 2003**

No. of farm	No. of bird in each flock	Average income per month	No of families benefited directly	No of persons benefited indirectly
135	3000	30,000	217	1350

## 2.2 Day-Old-Chicks Production

ABFL produces Day-Old-Chicks (DOC) of commercial broiler and layer birds from the hatching eggs produced in its own and parent extension farms. Hatching eggs are procured from own and contract grower farms at a guaranteed price and incubated in its own modern hatchery. The DOCs are then distributed among the commercial broiler contract grower farms which are located in and around 10 km of Bhagalpur village of Bajitpur and Kuliarchar thanas of Kishoregonj district. The DOC's are also distributed among the agents of ABFL. The DOC production statistics during 1995/2003 is shown in the Table 4.

**Table 4: Day-old-chick production statistics during 1995/2003**

Year	Chick production / year	Average chick production/month	Growth rate B
1995	622,270	51,855	-
1996	105,963	88,330	70
1997	1,532,137	127,677	45
1998	2,172,496	181,041	42
1999	3,799,039	316,586	75
2000	6,071,153	505,919	60
2001	13,604,087	1,133,673	124
2002	19,970,230	1,664,185	47
2003	25,378,199	2,114,850	27

Source: ABFL Data base

### 2.3 Commercial Broiler Production through Contract Growers

In February 1994, an experimental extension programme was undertaken in which ABFL carefully selected 9 individuals from the willing farms. Extension training was imparted by the ABFL experts to the selected farmers at field level wherein different aspects of poultry farming, specially its operational and management techniques, were taught. There was a simple agreement between the farmers and ABFL. In accordance with the agreement, ABFL extended full credit facility to the farmers for supply of 100 nos. of Day-Old-Chicks, all vaccines, medicine, feeds, disinfectants along with supervision on regular basis and insurance scheme to safeguard the immature death of bird. ABFL also undertook the responsibilities for marketing their products. Apart from labour, a farmer had to build a covered shed at his own cost as per direction of ABFL expert, which ensured congenial and healthy environment for proper growth of the birds. The credit liability of the contract growing farm was adjusted against price of their products (price was generally fixed according to prevailing market price plus a premium).

On successful operation of these farms, the programme was extended to nearby villages of Bajitpur and Kuliarchar thanas of Kishoregonj district. Within a short span of time Bhagalpur turned into a centre of all activities of ABFL. It has positive effect on thinking and attitude of the rural people, especially young people of the area. They started taking interest in poultry farming and became eager to obtain its know how and take part in its commercial production. The Table 5 indicates the scenario of commercial broiler contract farming during 1994-2003. From 20 farms in 1994 it reached to 650 farms in the year 2003 and the number of birds housed increased

**Table 5: Scenario of Broiler Contract Farming during the year 1994-2003**

Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
No. of Contract										
Broiler farm	20	50	75	100	150	200	350	458	598	650
No. of birds housed/month	12500	31250	46875	62500	93750	125000	218750	235000	500000	650000
Average Income (Tk.) per flock of 1500 birds	8000	8000	8000	8000	8000	8000	8000	10000	10000	10000
No. of family directly benefited	80	200	300	400	500	600	1050	1500	2800	3800
No. of person directly benefited	560	1400	2100	2800	3500	4200	7250	12600	23000	32000
No. of family indirectly benefited	20	50	75	100	150	200	350	600	1000	1600
No. of person indirectly benefited	100	250	375	500	750	1000	1750	3000	5060	7500

from 12,500 per month to 400,000 per month during the same period of time. ABFL recently marketed on an average 10,000 live birds through its Dhaka and Sylhet sale centres. The year-wise sale of live birds during 1994-2003 is shown in Table 6. Estimated profitability of contract broiler farms is shown in Appendix 1.

**Table 6: Year wise sale volume of life bird during 1994-2003**

Year	Quantity (Tones)	Growth rate (%)
1994	88	-
1995	140	59
1996	302	116
1997	435	44
1998	627	44
1999	823	31
2000	1573	91
2001	2395	52
2002	2764	15
2003	2456	-11

Source: ABFL data base

### 3. POULTRY PROCESSING PLANT

To meet the demand of the growing urban consumers, AFBL established a modern processing plant at Bajitpur with machineries obtained from the world famous STORK Company of Netherlands, with the capacity to process 1000 birds per hour. The processing unit has the latest technique and expertise in the poultry processing and it ensures quality and hygienic products. At present this unit processes about 3000 birds per day and markets in Dhaka sale centre through its own outlet. The year-wise sale of dressed and portion chicken during 1994-2003 is shown in Table 7.

**Table 7: Year wise sale volume of dressed bird and portion chicken during 1994-2003**

Year	Quantity (Tones)	Growth rate (%)
1994	74	-
1995	112	51
1996	191	71
1997	267	40
1998	285	7
1999	324	14
2000	419	29
2001	576	37
2002	602	5
2003	747	24

Source: ABFL data base

### 4. FEED MILL

With the rapid expansion of poultry related activities in the country as a whole, the need for balanced processed feed was felt by the company management. Accordingly, ABFL installed its first Feed Mill in 1994 (and subsequently another two) to meet its own requirement and growing demand of farmers. ABFL has been producing 7500 tones feed per month. It is worth mentioning here that currently ABFL is producing fish and cattle feed and marketing throughout the country. The sales volume of poultry, cattle and fish feed is shown in Table 8.

**Table 8 : Annual sale volume of poultry, cattle and fish feed during the year 1996-2003**

Year	Tones	Growth rate (%)
1996	2,230	-
1997	7,715	246
1998	13,303	72
1999	18,842	42
2000	46,992	149
2001	75,415	60
2002	87848	16
2003	78367	-11

\* Source: ABFL data base.

ABFL also established a new feed mill with 20 ton capacity / hour at Rupshi, Narayangonj and has been producing about 3000 tones feed/month. The capacity utilization is approximately 33% only.

## 5. WAY FORWARD

The ABFL has so far expanded its poultry programme numerically to involve as many rural enterprenures as possible. The company is now proceeding to consolidate its experiences gained over the years. ABFL is emphasizing more on efficiency than on production only. For this, ABFL is working towards bringing more and more commercial attitudes among the contract farmers. It has already introduced inputs for cash, replacing inputs for credit, system so that farmers become efficiency conscious.

## Appendix 1

**Aftab Bahumukhi Farm Limited**  
**Bhagalpur, Bajitpur, Kishoregonj**

Profitability of Contract Parent Farmer Considering (3000 Parent Stock)		
1	Total no of Contract Farm	135
2	Total Parent Stock	405000
3	No of Parent Stock/Farm	3000
4	Total no of egg Prod./Flock	437250
5	Cost of Production/egg Tk.	7.5
6	Procurement Price/egg Tk.	8
7	Total Profit/Flock (16 months) Tk.	200000
8	Profit/month (Approx)	12500
9	Support Provided by ABFL	
	a) DOC	✓
	b) Feed	✓
	c) Medication/Vaccination	✓
	d) Technical Support	✓
	e) Guaranteed buy back of Hat. egg	✓

Profitability of Broiler Contract Growers		
1	No of Farm	650
2	Total no of Broiler	645000
3	a) no of Broiler Sold/day	13000
	b) No of L. Broiler Sold/day	10500
	c) No of Dre. Broiler/day	2000
	d) No of Pro. Chicken Sold/day	500
4	Production cost/kg	47-52
5	Average income/kg	52-57
6	Profit/kg	5
7	Support provided by ABFL	
	a) DOC	✓
	b) Feed	✓
	c) Medication/Vaccination	✓
	d) Technical Support	✓
	e) Guaranteed buy back of Hat. egg	✓

Feed Production statistics		
1	No. of Feed Mill	03
2	Capacity/Hour (Tons)	23
3	Production/ Month (Tons)	10000

Day old Chicks Prod. Statistics		
1	Egg Production / day	60000
2	Egg setting capacity/week	672000
3	Hatching capacity/week	672000
4	DOC production/week	336000
5	DOC Prod. Capacity/week	537000