

# UP MSME 1-Connect

## PROJECT REPORT

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PROJECT:

**Poultry Broiler Farming**

**PROJECT REPORT**

**Of**

**Broiler Farming**

**PURPOSE OF THE DOCUMENT**

This particular pre-feasibility is regarding **Poultry Broiler Farming**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management. We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.

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## INTRODUCTION

The organized sector of Indian Poultry Industry is contributing nearly 70% of the total output and the rest 30% in the unorganized sector. Broiler industry is well dominated by the southern states in our country with nearly 60-70% total output coming from these states. The layer industry once again is represented more in southern states specially, Andhra Pradesh, Tamil Nadu and Maharashtra producing nearly 70% of the country's egg production. India's 75% of egg produce is consumed by the population of 25% living in urban and semi-urban areas. Presently about 800 hatcheries are operating in India today.

Today India is the world's fifth largest egg producer and the eighteenth largest producer of broilers and its per capita consumption of such products is poor 37 eggs and 1 kg of poultry meat per capita per annum. The growth of the Poultry Industry in India is marked by an increase in the size of the poultry farm. In past years broiler farms had produced on average a few hundred birds (200-500 chicks) per cycle. Small units are probably finding themselves at problem because of high feed and transport costs, expensive vaccines, and veterinary care services and the nonavailability of credit. Some small units are reported to be shifting from layer to broiler production because output in broiler units can be realized in six weeks. India is the fifth largest producer of egg and ninth largest producer of poultry meat. India 4 MP3546 Azeem Shekh, Centre for Advanced Research & Development, Bhopal (MP).

was well positioned as 17th in the world poultry production. The Indian poultry production is considered to be the cheapest in the world. The main factors of rising production in country are:

- ☒ The nation is a market with Investment friendly ambience.
- ☒ Indian Poultry Industry is booming and emerging as the world's 2nd largest market.
- ☒ The growth rate is growing at the phenomenal rate of 12 to 15% every year.
- ☒ Poultry Industry in India is constantly on the rise due to the use of modern techniques and changing from live bird to fresh chilled and frozen product market.
- ☒ A new path began with the integrated poultry operations throughout the country.

There is an overwhelming response from all segments concerned and related with poultry. There is a 100% increase in space compared to earlier years. In a continual endeavor and efforts to create a strong platform for Poultry India is experimenting with new trends in poultry rearing techniques and innovations for processed chicken meat, medicines, feed additives, health products, equipments, managements & other technical services.

### **POULTRY BROILER FARMING:**

Poultry meat is an important source of high quality proteins, minerals and vitamins to balance the human diet. Specially developed varieties of chicken (broilers) are now available with the traits of quick growth and high feed conversion efficiency. Depending on the farm size, broiler farming can be a main source of family income or can provide subsidiary income and gainful employment to farmers throughout the year. Poultry manure is of high fertilizer value which can be used for increasing yield of all crops.

### **The advantages of broiler farming are :**

- a) Initial investment is lower than layer farming
- b) Rearing period is 5-6 weeks only
- c) More number of flocks can be taken in the same shed
- d) Broilers have high feed conversion efficiency i.e. the amount of feed required for unit body weight gain is lower in comparison to other livestock

- e) Faster return from the investment
- f) Demand for poultry meat is more compared to sheep/goat meat

### Market Potential

#### **MARKET POTENTIAL AND SCOPE OF BROILER PRODUCTION:**

India has made tremendous progress in broiler production during the last three decades and the broiler population in the country during 2011-12 stood at 2300 million. Today India is the fifth largest producer of broiler meat in the world with an annual production of 2.47 million MT. Despite this achievement, the per capita availability of poultry meat in India is only 2.96 kg which is way below the ICMR recommendation of 11 kg meat per capita per annum.

The growth of the poultry sector is mainly attributed to the interventions of the corporate sector with an enabling policy environment provided by the Government of India / State Governments from time to time. The activity provides huge employment opportunities for the rural poor either under Backyard poultry production system or under small scale commercial broiler farming units. Over 5 million people are engaged in the poultry sector either directly or indirectly.

Owing to the considerable growth in broiler industry, high quality chicks, equipment, vaccines and medicines, technically and professionally competent guidance are available to the farmers. The management practices have improved and disease and mortality incidences are reduced to a great extent. Many institutions are providing training to entrepreneurs. Increasing assistance from the Central/ State governments and poultry corporations is being given to create infrastructure facilities so that new entrepreneurs are attracted to take up this business. Broiler farming has been given considerable importance in the national policy and has a good scope for further development in the years to come.

With the rise of middle class and increased urbanization, a major population prefer to go for nonvegetarian. Today about 3 million farmers and 15 million agrarian farmers are employed in the poultry industry that are usually growing poultry ingredients for feed and contribute about Rs 26,000 crore to the national income.

#### **EMPLOYMENT OPPORTUNITIES**

Three decades ago in India, when egg and broiler production was 10 billion and 30 million, respectively, the total employment numbers in the poultry sector was not much encouraging. As income and employment in the crop sector started decreasing, the non-crop sector, which includes dairy and poultry, underwent a significant shift. Due to the demand for poultry increasing and production reaching 37 billion eggs and 1 billion broilers, the Poultry Industry today employs around 1.6 million people. At least 80% of employment in Indian Poultry Industry generates directly by the farmers, while 20 % is engaged in feed, pharmaceuticals, equipment and other services according to the requirement. Additionally, there might be similar number of people roughly 1.6 million who are engaged in marketing and other channels servicing the poultry sector.

### Economics of the project

<b>ECONOMICS OF THE PROJECT</b>		
<b>A. BASIS &amp; PRESUMPTIONS</b>		
<b>PARTICULARS</b>	<b>UNIT</b>	<b>QUANTITY</b>
<b>I. Techno-economic parameters</b>		
Rate of Interest	%	12
Own Contribution (Margin Money)	%	25%
Number of birds	Nos.	5375
Batch strength	Nos.	5375
Floor space per bird	sq.feet/bird	1
Feed room requirement	sq.feet/bird	0.1
Feed requirement	Kg/Bird	3
Birds purchased	Per Batch	5643.75
Live weight of bird	Kg/Bird	1.2
Rearing period	Weeks	6
Cleaning period of shed	Weeks	2
Loan Repayment Period	Years	3
Percentage of Working capital required as loan	%	40
<b>II. Expenditure norms</b>		
Birds considered for recurring expenditure		5482.5
Birds considered for selling		5375
Cost of construction of shed	Rs./sq feet	50
Cost of construction of Feed Room	Rs./sq feet	150
Cost of equipment	Rs. per bird	20
Cost of day old chick	Rs. per bird	15
Cost of feed	Rs./kg	15
Medicines, vaccines, labour and misc. charges	Rs. per bird	10
Insurance per bird	Rs. per bird	0.5
Insurance of sheds and equipment	Rs. per Rs.1,000/-	10
<b>II. Income norms</b>		
Sale price (Rs. per kg) 70	Rs./Kg	80
Value of manure per bird sold	Rs./Bird	0.5
Sale price of gunny bags	Rs./Bag	15

<b>B. COST OF THE PROJECT</b>				
PARTICULARS	UNIT	UNIT RATE	QUANTITY	AMOUNT
<b>I. Capital Cost</b>				
<b>1. Building &amp; Sheds</b>				
Land				OWN
Construction of shed including electrification	sqft	50.00	5643.75	282,188
Construction of Feed Room	sqft	150	537.5	80,625
Cost of Equipments	sqft	20.00	5643.75	112,875
			<b>Sub-Total-1</b>	<b>475,688</b>
<b>2. Misc. Fixed Assets</b>				
Office furniture(tables, chairs etc.)	Ls.	20,000	-	15,000
Office electrification	Ls.	10,000	-	10,000
Name board/ Wall Painting	Ls.	10,000	-	10,000
			<b>Sub-Total-2</b>	<b>35,000</b>
			<b>Total (1+2)</b>	<b>510,688</b>
<b>3. Contingency @ 5%</b>	-	-	-	25,534
			<b>Total Capital Cost</b>	<b>536,222</b>
<b>4. Preliminary &amp; Pre-operative Expenses</b>				
Market Survey & Project Report Preparation	Ls.	10000	-	10,000
Publicity & Travelling Expenses	Ls.	10000	-	10,000
			<b>Sub-Total</b>	<b>20,000</b>
<b>TOTAL CAPITAL COST</b>				<b>556,222</b>
<b>II. Working Capital</b>				
40% of First Year Requirement				<b>944,896</b>
<b>Total Project Cost</b>				<b>1,501,118</b>

<b>C. MEANS OF FINANCE</b>			
Particulars	Unit	Unit Rate	Amount Rs.
Term Loan	%	75%	1125838
Own Contribution	%	25%	375279
<b>Total</b>			<b>1501118</b>

<b>D. Working Capital Requirements</b>								
Particulars	Unit	Unit Rate	Qty.	I Year	II Years	III Year	IV Year	V Year
<b>Nos of Batches Per Year</b>				6	7	7	7	7
Cost of day old chicks	Nos	15	5644	507938	592594	592594	592594	592594
Cost of Feed ( Feed Require @ 3. Kg per Bird )	Rs/Kg	15	5483	1480275	1726988	1726988	1726988	1726988
Medicines, labour, miscellaneous charges	Rs/Bird	10	5483	328950	383775	383775	383775	383775
Insurance of birds (For all Batches)	Rs/Bird	0.5	-	16931.3	19753.1	19753.1	19753.1	19753.1
Insurance of sheds and equipment	-	-	-	4756.88	4756.88	4756.88	4756.88	4756.88
Other Expenses 1% of total working capital	-	-	-	23389	27279	27279	27279	27279
<b>Total Working Capital Cost</b>				<b>2362239</b>	<b>2755145</b>	<b>2755145</b>	<b>2755145</b>	<b>2755145</b>

**E. FLOCK CHART**

YEAR	I YEAR	II YEAR	III YEAR	IV YEAR	V YEAR
NO OF BATCHES	5	5	5	5	5
REARING WEEKS	40	42	42	42	42
BATCHES SOLD	6	7	7	7	7

**F. Projected Profitability**

## I. Projection of Income

Particulars	I Year	II Years	III Year	IV Year	V Year
Sale of Birds	3096000	3612000	3612000	3612000	3612000
Sale of Manure	16125	18812.5	18812.5	18812.5	18812.5
Sale of Gunny Bags	29606	34540	34540	34540	34540
<b>Total</b>	<b>3141731</b>	<b>3665352</b>	<b>3665352</b>	<b>3665352</b>	<b>3665352</b>
Sundry Debtors (Credit Period allow 30Days)	0	0	0	0	0
Collection From Customers	3141731	3665352	3665352	3665352	3665352

**G. Income Expenditure Statement**

SN	Particulars	I Year	II Years	III Year	IV Year	V Year
1	Income	3141731	3665352	3665352	3665352	3665352
2	Operational Cost	2362239	2755145	2755145	2755145	2755145
3	Surplus Income	779491.4	910207.3	910207.3	910207.3	910207.3
4.1	Less interest on term loan	135101	108080	81060	54040	27020
4.2	Depreciation for Misc. fixed assests@15%	76,603	65113	55346	47044	39987
4.3	Amortization of preliminary preoperative expenses	6666.667	6666.667	6666.667	6666.667	6666.667
5	Profit before Tax	561121	730347.6	767134.6	802456.5	836533.2
6	Income Tax	263336	314104	325140	335737	345960
7	Education Cess @ 2% of Income Tax	5267	6282	6503	6715	6919
8	Secondary and Higher Education Cess @ 1%	2633	3141	3251	3357	3460
9	Profit after Tax	289885	406820	432240	456647	480194
10	<b>Net Income Available(9+4)</b>	<b>508255</b>	<b>586680</b>	<b>575313</b>	<b>564398</b>	<b>553869</b>

H. FINANCIAL ANALYSIS							
SN	Particulars	I Year	II Years	III Year	IV Year	V Year	TOTAL
1	Capital Cost	556,222					556,222
2	Recurring Cost	2362239	2755145	2755145	2755145	2755145	13382819
	<b>Total Cost</b>	<b>2,918,461</b>	<b>2,755,145</b>	<b>2,755,145</b>	<b>2,755,145</b>	<b>2,755,145</b>	<b>13,939,041</b>
3	Benefits	3141731	3665352	3665352	3665352.25	3665352.25	17,803,140
4	Depreciated value of misc. fixed assets@ 15%					83433	
5	<b>TOTAL BENEFIT</b>	<b>3141730.5</b>	<b>3665352</b>	<b>3665352.3</b>	<b>3665352.25</b>	<b>3748786</b>	
6	<b>NET BENEFIT</b>	<b>223,269</b>	<b>910,207</b>	<b>910,207</b>	<b>910,207</b>	<b>993,641</b>	
	Discounting Factor @ 15%	0.87	0.76	0.66	0.57	0.50	
	NPV Cost @15% DF	2537792	2083285	1811553	1575263	1369794	9377687
	NPV Benefits @ 15%DF	2731940	2771533	2410029	2095677	1863809	11872987
	NPW @15%DF	2495300					
	BCR @15% DF	1.266089067					
	IRR	113%					

I. CASH FLOW STATEMET						
SN	Particulars	I Year	II Years	III Year	IV Year	V Year
A.	<b>CASH INFLOW</b>					
	Profit	508255	586680	575313	564398	553869
	Term Loan	1125838	0	0	0	0
	Own Contribution	375279	0	0	0	0
	Depreciation	76603	65113	55346	47044	39987
	Amortization expense	6667	6667	6667	6667	6667
	Tax	271236	323527	334895	345809	356339
	Interest on Bank Loan	135101	108080	81060	54040	27020
	<b>TOTAL (A)</b>	<b>2498979</b>	<b>1090067</b>	<b>1053280</b>	<b>1017958</b>	<b>983881</b>
B.	<b>CASH OUTFLOW</b>					
	Capital Cost	556,222				
	Interest on Bank Loan	135101	108080	81060	54040	27020
	Income Tax & Cess	271236	323527	334895	345809	356339
	Term Loan Repayments	225168	225168	225168	225168	225168
	Increase in debtor	0	0	0	0	0
	<b>Total (B)</b>	<b>1,187,726</b>	<b>656,775</b>	<b>641,123</b>	<b>625,017</b>	<b>608,527</b>
C.	<b>SUMMARY</b>					
	Opening Cash'& Bank Balance	0	1,311,253	1,744,544	2,156,702	2,549,643
	Add: Surplus/ Deficit	1,311,253	433,292	412,158	392,941	375,355
	Closing Cash & Bank Balance	1,311,253	1,744,544	2,156,702	2,549,643	2,924,998

J. BALANCE SHEET						
SN	Particulars	I Year	II Years	III Year	IV Year	V Year
<b>A. Assets</b>						
1	Fixed Assets	434,084	368,972	313,626	266,582	226,595
2	Current Assets					
	Cash and Bank Balance	1,311,253	1,744,544	2,156,702	2,549,643	2,924,998
	Sundry Debtors	0	0	0	0	0
	Preliminary & Preoperative Expenses	13,333	6,667	0	-6,667	-13,333
	Deposit for Building	0	0	0	0	0
	Contingency	25,534	25,534	25,534	25,534	25,534
	<b>TOTAL(A)</b>	<b><u>1,784,205</u></b>	<b><u>2,145,717</u></b>	<b><u>2,495,862</u></b>	<b><u>2,835,093</u></b>	<b><u>3,163,794</u></b>
<b>B. LIABILITIES</b>						
1	Capital Balance	0	883534	1470214	2045527	2609925
	Additions	375279				
	Net Profit for the Year	508255	586680	575313	564398	553869
	Closing Balance	883534	1470214	2045527	2609925	3163794
2	Secured Loans	900671	675503	450335	225168	0
	<b>TOTAL(B)</b>	<b><u>1,784,205</u></b>	<b><u>2,145,717</u></b>	<b><u>2,495,862</u></b>	<b><u>2,835,093</u></b>	<b><u>3,163,794</u></b>

K. TERM LOAN REPAYMENTS							
	Rate of Interest - % per annum			12			
	Opening Balance of Term Loan			1125838			
YEAR	Loan Outstanding	Gross Surplus	Principal	Interest	Total Repayment	Net Surplus	DSCR
I	1125838	508255	225168	135101	360268	147987	1.41
II	900671	586680	225168	108080	333248	253432	1.76
III	675503	575313	225168	81060	306228	269085	1.88
IV	450335	564398	225168	54040	279208	285190	2.02
V	225168	553869	225168	27020	252188	301681	2.20
					Average DSCR	=	1.85

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