

CHAPTER NO: III

PRESENT EGG MARKETING SYSTEM AT A GLANCE  
AND ROLE OF DIFFERENT INSTITUTIONS IN EGG  
MARKETING.

- 3.1 Present Egg Marketing System.
- 3.2 National Egg Coordination Committee.  
(N. E. C. C.)
- 3.3 Maharashtra Agricultural Food Corporation.  
(MAFCO)
- 3.4 Role of Cooperative Poultry Farms in  
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:CHAPTER NO. 3 :Role of different institutions in egg marketing and present egg marketing at a glance.3.1 : PRESENT EGG MARKETING SYSTEM:

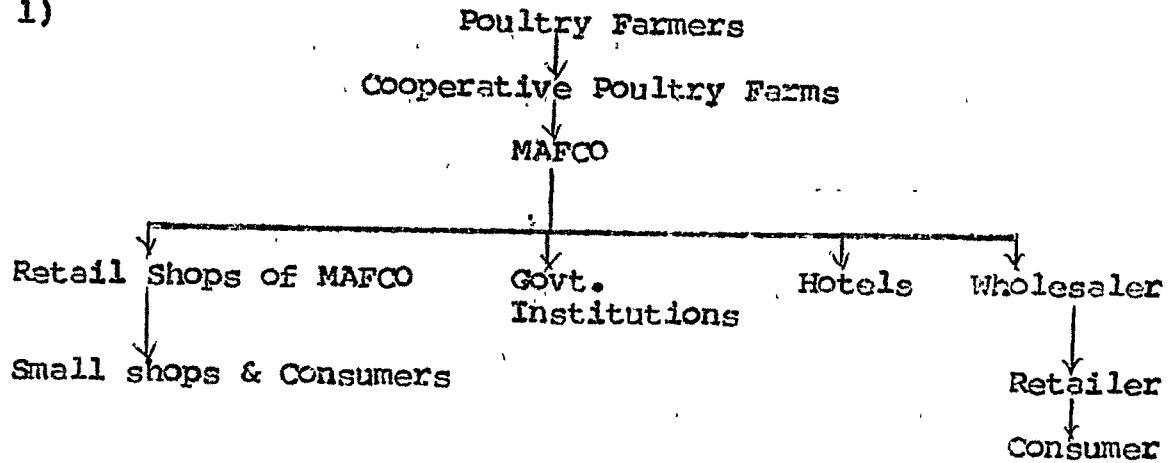
Introduction: Indian economy is based on agriculture because more than 70% population engaged in agriculture. There are many industries which aids to agriculture. Egg plays an important role in poultry products. Eggs can be produced not only indigenious consumption but also for export purpose. Export of eggs have risen substantially i.e. in 1976-77 21 lac eggs worth Rs.8.60 lac to in 1981-82 741.19 lac eggs exported worth Rs.370.60 lac, poultry industry aids to development of country.

Although, egg plays an important role in poultry products and there is good demand for eggs for export as well as in India, poultry farmers are not economically sound. Basically consumer pays good price for eggs, at the same time poultry farmers gets less price of their product. Generally consumer pays 55 to 60 paise per egg and producer gets 32 to 57 paise for the same. For the development and expansion of any commercial activity producer should get sizable return from that business. There is no development of this industry because poultry farmers are not getting the satisfactory return from this industry. So it is necessary to study the present marketing system to detect drawbacks and to suggest some suitable alternative methods.

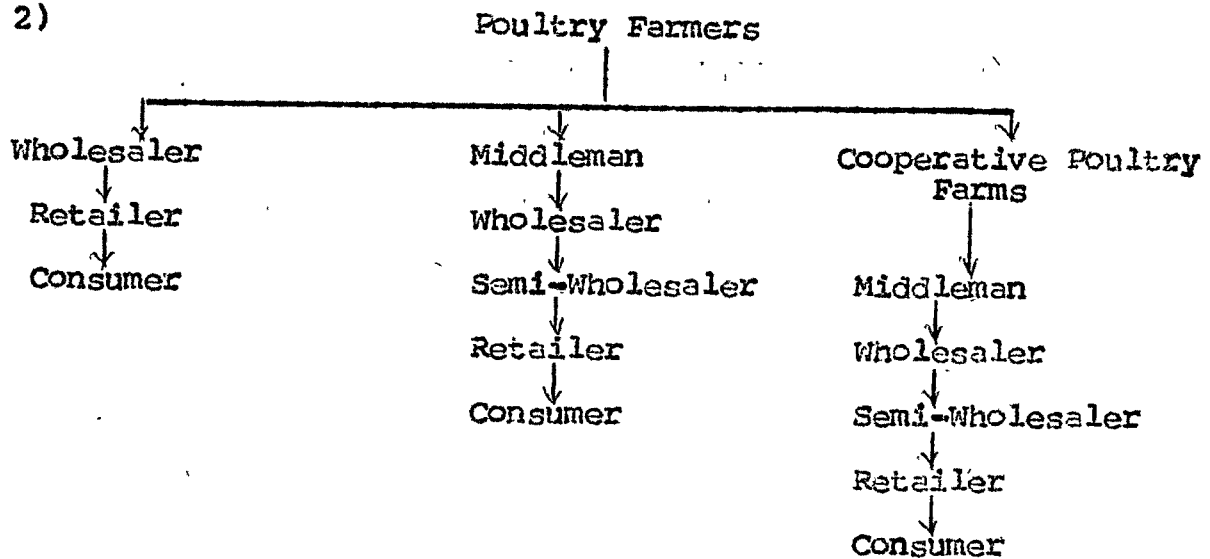
PRESENT MARKETING SYSTEM:

At present in Warananagar there are three ways of marketing eggs.

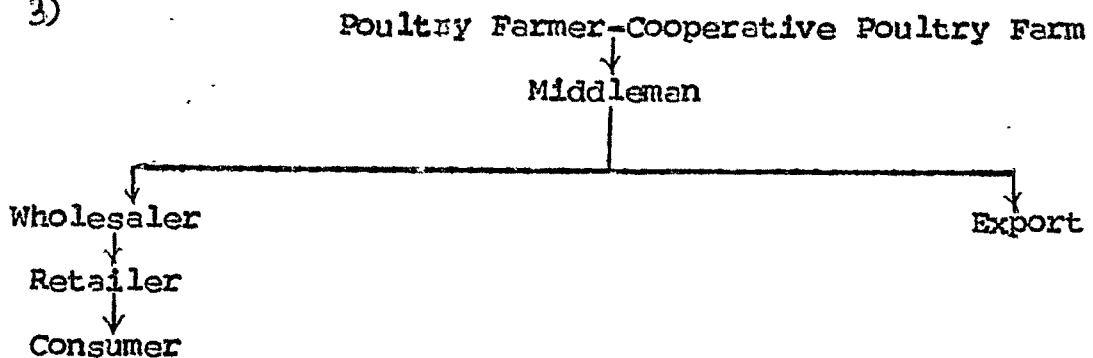
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2)



3)



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At present the marketing chain for eggs includes the poultry farmer, the wholesale dealer the semi-wholesale dealer and the retailer. An average farmer rarely has access to the consumer and has, therefore, to rely on a wholesaler or a semi-wholesaler to sell his product. Traditionally, the selling of eggs has been an exclusive domain of egg trader cartels, a majority of which are stationed in Bombay.

Until recently the trader carried out market manipulation by lowering the prices when truck loads of eggs arrived and hiking the prices when their stocks were full. While the wholesaler paid the farmer around 35 paise for a single egg, the consumer paid an exorbitant 50 to 60 paise for the same. Apart from the benefit of a good price, the trader also received a commission of Rs.3 to Rs.4 from the farmer on every 100 eggs sold.

The stranglehold of traders on the egg market was at its worst in 1981. The farmer was squeezed between the hike in feed costs, electricity, tariffs, transportation, etc. and the stagnant price of 35 paise per egg he received from the trader. The trader however, continued to get their cust from the farmers and the consumers.

The usual lean period of egg sales, that begins around the onset of summer and reaches its nadir during the month of Sharavan(a period around July or August when many Hindus observe a strictly vegetarian diet) saw egg prices fall very sharply. The small poultry farmers having upto 5000 birds, were the worst hit.

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### 3.2: NATIONAL EGG COORDINATION COMMITTEE(NECC):

INTRODUCTION: Dissatisfied with the marketing set-up, poultry farmers in South India united under the banner of the National Egg Coordination Committee(NECC) chaired by Mr. B. V. Rao Managing Director of Venkateshwara Hatcheries(Pvt. Ltd.(VHPL)). The NECC began its activities in May, 1982, with headquarters in Hyderabad. It aimed at going a remunerative price to poultry farmers. So that they would have a 10% profit on actual production cost.

Definities: A non profit autonomous organisation committee to economic well being of poultry farmers and sound development of poultry industry in India.

Objectives: The objectives for which the NECC is formed are:

- 1) To promote the welfare of poultry farmers in relation to the poultry industry.
- 2) To ensure that the poultry farmers are given a fair and ~~xxx~~ reasonable price for their products namely Egg and poultry meat.
- 3) To bring about a greater sense of awareness in the poultry farmers about the recent developments, trends and innovations pertaining to the industry.
- 4) To bridge the communication gap that exists among poultry farmers which has led to exploitation of the poultry farmers in rural areas.
- 5) To form a strong and united body that will identify the general difficulties and problems faced

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by the poultry farmers and attempt to solve these problems in the most satisfactory manner.

6) To organise a strong and pervasive advertising campaign that will enlighten the consumer on the high nutritional value of egg and poultry meat, thereby promoting the consumption of eggs and poultry meat, which will lead to further expansion and growth of poultry industry.

7) To coordinate and work in liaison with other organisations, central and State Governments, public and private institutions whose objectives are similar and/or complementary to those of the NECC, towards the attainment of the objectives.

8) To issue and to accept gifts, donations and subscriptions of cash and/or securities and of any property either movable or immovable, in furtherance of the said objectives of NECC.

9) To invest, borrow and deal with funds and moneys of NECC and to vary, alter or to transpose such investments from time to time.

10) To purchase or otherwise acquire or take on lease or hire in any part of India, or outside India, temporarily or permanently, any movable or immovable property necessary or convenient for the furtherance of the objectives of NECC.

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11) To sell, mortgage, lease exchange and otherwise transfer or dispose off or deal with all or any property, movable or immovable of the society, for furtherance of the objectives of the NECC.

12) To construct, maintain, alter, improve, develops or demolish any building or works of the society, necessary of convenient for the purpose of the NECC.

13) To under and accept the management of any endowment or trust fund or donation, with objects similar to the objectives of the NECC.

14) To establish a Provident Fund for the benefit of the employees of the NECC.

15) To officer prices, to grant scholarships and stipend etc, in furtherance of the objectives of the NECC.

16) To do or get done, any and all such other lawful things as are conducive or incidental to the attainment of the above objects.

17) To utilise the income and property of the NECC towards the promotion of the objectives set. No portion of the income and property of the NECC shall be paid or transferred, directly or indirectly, by way of dividends, bonus or otherwise, however, by way of profits to any person or persons, who at any time have been members of the council or to any one claiming through them, provided that nothing herein contained shall prevent the payment in good faith of honoraria, ~~per~~ pre-requisite facilities of any nature whatsoever to any member, office bearer or any one

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else, as the Central Committee thinks fit for any service rendered to the society.

18) The N.E.C.C. shall not be operated for profit in its functioning to achieve the aforesaid objects.

The N. E. C. C. however, has managed to withstand a similar play by the traders. Prices quoted by the N. E. C. C. still hold good in Bombay, Gujarat, Maharashtra and Southern India. However, the prices quoted by the NECC in Delhi have had a scant effect on the prevailing market prices. Mr. Rao attributes this to the North Indian farmers reluctance to join the NECC.

"The NECC has no intention of ousting the traders from the poultry business, but only wishes to temper their share of profits by giving the farmer his due" says Mr. Rao who has urged hatchery owners and traders to join the NECC.

At present NECC giving remunerative price to the poultry farmers.

### 3.3 : ROLE OF MAHARASHTRA AGRICULTURAL FOOD CORPORATION(MAFCO)

I N T R O D U C T I O N : MAFCO is a Government of Maharashtra Enterprise. It was incorporated on 29th December, 1970. This MAFCO was previously known as the The Maharashtra Agricultural Development and Fertilizer Promotion Corporation. During 1970 consumption of frozen foods like meat, vegetables, fruits, etc. were amongst unheard in India. Thus MAFCO emerged as a pioneer in



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India to develop the frozen food industry. The Maharashtra Government by establishing MAFCO Ltd., served the noble cause which stopped the exploitation of the both farmers by giving them remunerative prices for crops and customers by providing them food at a reasonable rate.

Company objectives are formulated to develop and advance commercialisation of the company's Agro-based economy through employing modern methods of processing and marketing agricultural produce for the benefit of both the farmer and the consumer.

In line with these objectives MAFCO has set factories at rural areas. This enables the farmers to use the MAFCO marketing network to market their produce. In this situation MAFCO gives the farmer the benefit of declared prices, thereby encouraging farmers to produce more by assuring them of a ready market for their produce.

The consumer at the other end of the MAFCO marketing spectrum, benefits, in that he receives a standardised product ~~of~~ at a fair price, at an ever increasing number of outlets in the city.

Since 1970 MAFCO is dealing with frozen poultry birds and eggs. Considering the efficient and effective working and the rapid progress Government of Maharashtra transferred the commercial activities undertaken by the

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Government Department to MAFCO with from 1-1-1973. These commercial activities include poultry dressing plant(P.D.P.) at Pune, Bacon Factory at Borivli, poultry farm at Tathawade and cold storage at Satara.

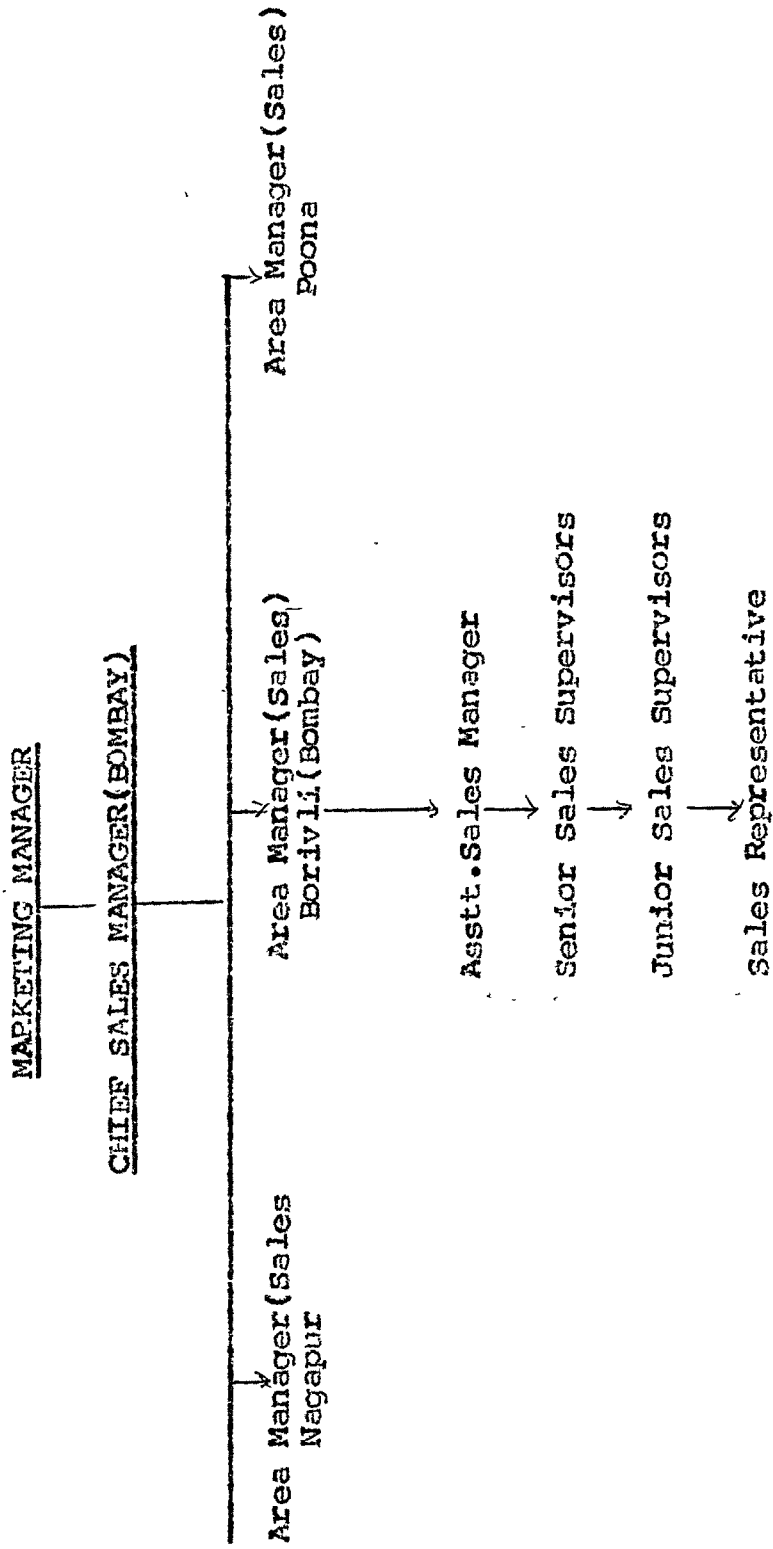
Prior to 1973 MAFCO was a selling agency of Government products. The main reason for the transfer of these commercial activities to MAFCO was, since the inception of these schemes those were running in heavy losses. After taking over those schemes MAFCO tried its and could ~~not~~ minimise the losses to a greater extent.

Now MAFCO is a well established food industry with five units at different places of Maharashtra. These five units are at Bombay, Pune, Turbhe, Koregaon and Nanded.

#### MARKETING OF EGGS BY MAFCO:

In India, poultry industry is not well organised. Farmers just concentrate on production and plays no attention to the market conditions. By this he has been exploited by the intermediaries. The lack of cold storage facility and transport system adds to the difficulties of the farmer.

ORGANISATIONAL CHART OF MARKETING DIVISION OF MAFCO



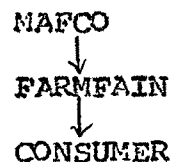
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At present, MAFCO is serving both the farmers and the consumers through its five units. MAFCO has developed a marketing network at Bombay, Pune and Nagpur. As it is a Government Organisation, it reduced the margin and started providing the eggs and poultry products at reasonable rates to the urban customers and organised all the activities right from assembling to marketing of product.

CHANNELS OF DISTRIBUTION:

MAFCO has opted for selective distribution system where it is using both the direct and indirect selling method.

1) Direct selling is done through its own outlets popularly known as 'Farmfains'. In this goods are sold to consumer -



For Institutional it is as -



2) Indirect Selling :



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The retailers who have their own deep freezers can only sell the MAFCO products. It has a scheme for co-owned shops called farmfains.

The scheme is of the profit sharing between MAFCO and the agents who operate those units. Now MAFCO runs 32 farmfains and has 150 dealers. MAFCO makes its products available near the market, near cosmopolitan area of greater Bombay and Pune.

PRICING:

The pricing & policy is decided by central marketing department, Bombay. While fixing any price of any product the demand intensity and consumer psychology are taken into consideration. The setting of price is rarely a simple matter. The pricing is determined by taking into consideration.

- 1) Procurement price
- 2) Cost of processing, packaging and market conditions.

The price variations is mostly negligible.

WORKING OF MAFCO REGARDING EGG MARKETING IN WARANANAGAR.

In Warananagar MAFCO playing an important role as far as egg marketing is concerned. In Warananagar, there is one MAFCO's egg collection office. MAFCO collects daily around 12400 eggs. Last year i.e. 1984-85, MAFCO has collected 45,25,025 eggs. It is highest egg collection in last 10 years.

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Following table shows the eggs purchased and marketed by MAFCO from 1975-76 onwards.

Table No.3.1 :

EGG COLLECTION STATEMENT OF MAHARASHTRA FOOD COMMITTEE, WARANANAGAR.

No.	Year	Purchased from Shree Sahyadri Kukkut Palan Sansta.	Purchase from Warana Kombdi Sangh.	Total Purchases.
1.	1975-76	942480	1059600	2002080
2.	1976-77	1231980	1494840	2726820
3.	1977-78	607590	3145837	3753427
4.	1978-79	952470	3366507	4318977
5.	1979-80	-	3788600	3788600
6.	1980-81	-	2487525	2487525
7.	1981-82	-	3033090	3033090
8.	1982-83	-	3216540	3216540
9.	1983-84	-	3729330	3729330
10.	1984-85	-	4525080	4525080

In 1975-76 MAFCO purchased 20,02080 eggs. The purchases were increased in 1976-77 by 36.20% i.e. 2726820 eggs. In 1977-78 the purchases increased upto 3753427 i.e. increase of 37.65% . In 1978-79, the purchases again increased upto 4318977 i.e. increase of 15.07%.

But after this MAFCO'S purchases declined because

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Shri Sahyadri Poultry stopped selling their eggs to MAFCO. In 1979-80, MAFCO purchased 3788600 eggs. This decrease was 12.28% . Again in 1980-81 there was decrease in MAFCO'S purchases by 34.34 i.e. 2487525 eggs. But after this MAFCO'S purchases increased steadily. In 1981-82 MAFCO purchased 3033090 eggs. The increase has 21.93% . In 1982-83, the purchases increased upto 3216540. This increase was 6.05% . In 1983-84 the purchases increased upto 3729330. This increase was 15.94%. In 1984-85, the purchases again increased by 21.34%. It means MAFCO purchased 4525080 eggs.

#### 3.4 : ROLE OF COOPERATIVE POULTRY FARMS IN EGG MARKETING.

In Warananagar there are two cooperative poultry farms. One is Shri Sahyadri Cooperative Poultry Farm Ltd., and another Shree Warana Kombdi Sangh. Both are playing an important role in egg marketing.

To a farmer who is conscrious of his economic interest, the proper marketing of his product is matter of great importance. In fact, it is as important as the need for increasing production. There has been a growing awareness that cooperative organisations can play a vital role in improving the system of egg marketing and safeguarding the interests of poultry farmers. Today, the cooperative poultry farms occupies a key ~~xxx~~ position in the poultry farmers in Warananagar.

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NEED OF COOPERATIVE POULTRY FARMS IN EGG MARKETING.

The need of cooperative poultry farms in egg marketing arises from a variety of factors. These factors are in the first instance, connected with the malpractices in the existing system of egg marketing, particularly in a conditions such as those obtaining in India.

MALPRACTICES IN EGG MARKETING:

1) Unfair Commission: Trader gets a commission of Rs.4 to 5 from the poultry farmer on every 100 eggs sold which is unfair and loss to the farmer which affects the economic soundness of the ~~poultry~~ poultry farmer.

2) Delay and irregular payments & more chances of bad-debts:

Here the trader purchases ~~of~~ the eggs on credit and assures to poultry farmer that he will pay the amount at the time of next purchases. This is the routine procedure followed by the trader. Sometimes trader denied to pay the amount which will result in bad-debts.

3) Uneven & Irregular Purchases: Here routine procedure is to take delivery of eggs once in a week i.e. on fixed day. But trader do not purchase the eggs on that fixed day. So farmers plan will collapse i.e. payment of feeds bill, medical expenses etc. which will affects his reputation.



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4) Avoid purchases in slack season: In the slack season i.e. in the month of May and July, August (i.e. Shraavan when many Hindus observe a strictly vegetarian diet), the trader will not purchase the eggs. It is very difficult to sell such type of perishable product, which will result in heavy losses to the farmer.

5) Long chain of middlemen: As already said that wholesaler paid the farmer around 35 paise for a single egg whereas the consumer pays an exorbitant 50 to 60 paise for the same. The difference i.e. 20 to 25 paise is swallowed by a number of middlemen and traders. So farmer will not get the reasonable price for his product by which he will suffer a lot.

PRESENT WORKING OF COOPERATIVE POULTRY FARMS  
REGARDING EGG MARKETING.

Cooperative poultry farms are helping small poultry farmers in following ways -

1) Regular purchases: Here cooperative & poultry farms collect the eggs on a fixed day and payment also made on a fixed day. So poultry farmer can be able to pay his expenses like feed bill, medical expenses and other working expenses regularly.

2) Regular payment: Here cooperative poultry farmer collects the eggs on credit and on a fixed day i.e. first day of every month. The payment is made regularly. So poultry farmer is protected from malpractices

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of trading like irregular payments. There is no chance for bad-debts. Poultry farmer is confident about their payments.

3) Although cooperative poultry farms sell the eggs to middlemen and wholesaler, the middleman and trader will not deceive or cheat the cooperative poultry farms because of their dominating on key position in Warananagar area.

4) In slack season i.e. in the month of May, July and August, cooperative poultry farms purchase the eggs from the private poultry farmers and assure to sell their product. Because of this the losses in this season are minimised.

5) Cooperative Poultry farms try to reduce the long chain of middlemen and traders by selling eggs to Government institution i.e. MAFCO. This is one type of check on traders.

6) Accounting Procedure: Private poultry farmers and cooperative poultry farmers keep their account on clearing in the bank. At the end of definite period they tally their accounts and clear out the balance. So the accounting procedure is without any malpractices. Poultry farmer can know his income from poultry business.

7) Services from Co-operative Poultry Farms:

Cooperative poultry farms render many services like supply of feeds, guidance regarding medicine and vaccines and supply of the same etc. Cooperative

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poultry farms are able to appoint the expert person who is able to guide regarding building, cages and scientific poultry appliances etc. He renders his expert knowledge to the small poultry farmers in solving difficulties and problems which arises in routine work.

Although the cooperative poultry farms rendering the above services, there is still domination of wholesalers, middlemen and retailers on egg purchasing. Table No. clearly shows the same.

Because of following defects there is still domination of middlemen and wholesalers on egg marketing.

1) Commission: Every poultry farmer sells eggs who charges less commission. Cooperative poultry farmer charges 50 paise more commission than traders for every 100 eggs purchase. So ordinary poultry farmer denied to sell his product to cooperative poultry farm.

2) Conditions on private poultry farmers: Cooperative poultry farm put some conditions on private poultry farmer i.e. if they purchase feeds, medicines, birds etc. from cooperative poultry farm, then and then only they will purchase the eggs from private poultry farms. But sometimes it happens that, there are some medicines, feeds, birds are superior or cheaper than the ~~middle~~ medicines, feeds, birds supplied by the cooperative poultry farm. The private poultry farmer cannot take advantage of this situation because of the ~~binding~~ binding

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made by cooperative poultry farm. To avoid such situation the private poultry farmer do not sell the eggs to cooperative poultry farm.

3) Delay in payment: Major traders and middlemen purchase eggs by cash payment because of the personal relations between them. If they purchase the eggs on credit the payment is made on next purchases. Generally trader purchases ~~ix~~ thrice or four times in a month i.e. poultry farmer get the amount of eggs early than cooperative poultry farms. While cooperative poultry farmer pays the amount of eggs at the end of every month. One month's time period is too much. So private ~~poultry~~ poultry farmers denied to sell the eggs to cooperative poultry farmer.

4) Mode of collection: Poultry farmer has to go to cooperative poultry farm's premises to sell his product. On the contrary, traders and middlemen purchase the eggs from every poultry farmer by going personally in the poultry farm to collect the eggs by his own vehicle i.e. tempo, truck etc. Cooperative poultry farms has not made such arrangements to purchase eggs from private poultry farmer.

*"Don't hurry, don't worry,  
we are made for each other."*

