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A STUDY ON EVALUATING SOCIO-ECONOMIC IMPACT OF CONTRACT POULTRY FARMING ON FARMER

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Keywords	Abstract
Structural Equation Model, Poultry Farming, Contract Farming.	In contract poultry farming, farmers contribute labour and infrastructure, while poultry firms (integrators) engage into agreements with farmers to produce birds using company-supplied inputs such as chicks, feed, and medication. This concept has a substantial socioeconomic impact as it provides farmers with guaranteed income, jobs, and technical assistance. Its long-term advantages and durability, however, may be constrained by issues including poor profit margins, a lack of autonomy, and uneven power relations. The research aimed to evaluate the socio-economic impact of contract poultry farming on farmers. Structural equation model was used to analyse the collected data. The findings of the study indicate that there is a significant impact of Involvement in Contract Poultry Farming on standard of living, economic security, and social wellbeing.

1. INTRODUCTION

The biggest obstacle to international peace and the welfare of all peoples is poverty. According to the Sustainable Development Goals, governments have agreed to cut the number of hungry and impoverished people in the world in half. To find concepts and experiences that may be turned into



pro-poor policies and strategies, research is now being conducted in all economic sectors. In the underdeveloped countries, raising chicken may significantly improve family food security. In rural homes, poultry offers high-quality food, energy, fertiliser, and a renewable resource, all of which contribute to income diversification. Poor access to markets, commodities, and services, as well as inadequate institutions and a lack of necessary technology, skills, and expertise, limit small-scale rural producers. Given the prevalence of "protein-energy and micronutrient malnutrition," the rapidly rising demand for "animal-based foods like manure, meat, and eggs," and the fact that a sizable portion of the rural poor rely on poultry for food and income, the expansion of the poultry industry can help improve nutrition and lower poverty in rural areas. Additionally, given the various benefits that poultry offers, it is a wonderful approach to raise rural residents' standard of life and therefore promote rural development. It's important to remember that all means of escaping rural poverty need a starting point. Given that raising poultry is an activity that many rural poor people engage in, here is where poultry development might show to be a helpful tool. (Mrs. Lilian & Dr. Jean 2023).

1.1 Broiler Production

One of the livestock industries with the fastest rate of growth, both internationally and domestically, is the intensive production of chicken meat (broiler), which is driven by short production cycles, low food conversion ratios, and widespread popularity among meat eaters (Prakash et al. 2020). Before 1965, production mostly took place in vast "backyard" systems until Srinivasa Farms opened India's first intensive commercial chicken farm. This area used free-range, semi-scavenging, and small-scale commercial methods to produce a variety of native breeds for meat and eggs (Chatterjee 2017). Nevertheless, the commercial grill industry in India grew rapidly after the mid-1980s, especially in the states of "Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, and West Bengal." This time is referred to as the "Indian poultry revolution." Production of broilers can take place in a variety of settings, such as "vertically integrated production, independent production, and other contract agreements." Farmers source and finance their chicken inputs, oversee production, and coordinate grill sales with other stakeholders during independent production. Companies hire farmers and use their labour, land, and farm infrastructure to raise broilers under official production marketing contracts. In this case, the contracting firm makes the majority of the input and production decisions and communicates with farmers via corporate representatives (supervisors and branch managers). Birds are picked up from farms after production, and each completed bird is paid to the farmers. In formal input marketing contracts, poultry companies supply intermediate agents with inputs (such feed or chicks), who then supply farmers with inputs through "informal output marketing contracts, sometimes on loan." The distribution of broilers to the market is subsequently arranged by these agencies, together with other dealers and intermediaries. Alternatively, some poultry firms are involved with vertically integrated broiler production where birds are grown, killed, and processed on their facilities, i.e., all value chain processes are managed by the company. (Hennessey, 2025)

1.2 Poultry Farming

Domesticated bird species kept for their eggs, meat, and/or feathers are known as poultry. From "domestic and commercial chicken breeds to Muscovy ducks, mallard ducks, turkeys, guinea fowls, geese, quail, pigeons, ostriches, and pheasants," the name "poultry" encompasses a diverse array of birds. All around the world, poultry are grown, with chickens being the most common species (Food and Agriculture Organisation Statistics, FAOSTAT, 2020). The poultry business employs a sizable number of people. It provides farmers with revenue, protein for their food, and byproducts like feathers that are used to make decorations and other home things, while the droppings are utilised as organic fertiliser to grow crops. Even though contract farming in the poultry industry has been the subject of numerous studies, poultry farmers continue to face marketing risks related to the sale of their produce, especially broiler and layer meat, price volatility that can deter farmers from production, and weak market connections. Poverty has also risen as a result of these issues. (Akubo, et al. 2024).

1.3 Socio-Economic Impact of Contract Poultry Farming

Farmers have seen a range of socioeconomic effects from contract poultry farming, including both possibilities and difficulties. On the one hand, it contributes to rural income stability and skill development by offering guaranteed markets, lowering input cost risks, and creating jobs, particularly for small and marginal farmers (Birthal et al., 2005; Ramaswami et al., 2006). Nevertheless, the approach frequently has power disparities, with farmers bearing the brunt of production risks including disease outbreaks, poor profit margins, and delayed payments with little financial or legal protection (Narayanan, 2012). Farmers are further marginalised by a lack of insurance coverage, restricted financial availability, and a lack of decision-making autonomy (Kumar & Birthal, 2008). While contract farming might potentially enhance rural livelihoods, its success primarily rely on fair contracts, regulatory control, and greater support structures to defend farmer interests and promote sustained socio-economic growth.

2. REVIEW OF LITERATURE

2.1 Hisyam, B., Taqiuddin, M., et al. (2023)

analyzed through this research study about how contract poultry farming plays an important role to improve the socio-economic status of the farmers as well as the community as whole. The research evaluates the influence of contract farming on socio-economic development of farmers in West Lombok. The results derived shows that income is a key factor to influence the earnings of a family. A strong positive correlation coefficient relationship of income is established. It increases the opportunities for employment to the local resident, active involvement to construct worship places for the community through that income earned, and organize events in the village which results in creating a harmonious environment.

2.2 Murekatete, L. & Khan, J. (2023)



Determined the objectives of the research study was to focus on the contributions which were made through the selling of the poultry farming products, examining the level of social wellbeing and their correlation. The findings derived from the research showed that contract poultry farming contributed towards increased social welfare among the framers and their families once they joined cooperative COMUPOFA. This examined that the incomes generated increased their food and nutrition security through introduction of eggs, meat and manure for selling, which led to increase in the amount of earnings, and eventually savings, increase in the opportunities for job, they were able to pay the school fees for their children's education, health care insurance, contributing towards acquiring buildings, equipment and land. Additionally, they were able to pay for the health care services, education services, savings, and investments.

2.3 Phiri, P., Ruzhani, F., et al. (2022)

Determined that in Zimbabwe, small-scale contract broiler farming has emerged as one of the fastest-growing subsectors. The researchers found out that small scale poultry production is an attractive industry that could be undertaken in this area. The broiler companies are able to generate an average gross profit around US\$ 65.25 for every 100 batch of Broilers and thus earn \$1.15 for every single dollar invested in variable cost. The profitability of the broiler business is significantly impacted by number of factors at distinct quantiles, including the size of the household farming expertise, level of education, having access to services for extension, loan availability, and broiler production training; only training affects profitability at all three. All these elements play a crucial role in determining whether small-scale poultry manufacture in Mutare district is profitable or not. The researchers recommend offering training programs on effective grill production to small-scale farmers across the Mutare district.

2.4 Adebisi, L., Adebisi, O., et al. (2021)

Examined the impact of contract poultry farming on production of broilers in Osun State, Nigeria. The results derived through this research study reveals that most of the farmers in contract farming rated the activities favorable and good, as they kept earning more income in comparison to their counterparts. The findings also showed that the more the number of experiences, farmers education, accessibility to credit facilities, accessibility to veterinary services and participating in contract farming impacts their technical efficiencies in a significant manner. The study focuses on creating more awareness regarding contract poultry farming and encouraging them regarding the concept among the agrarian communities for developing their socio-economic conditions in the society.

2.5 Suleiman, R., Oladimeji, Y., et al. (2018)

Examined through this research study about the socio-economic features showing the profit earned by the poultry farmers in Kaduna State, Nigeria. The results derived that most of the respondents were males who were married and were aged between 31-40 years sand educated with varied educational qualifications. The experience gained from contract poultry farming and easy



accessibility to loans were statistically and positively correlated with the size of the household which eventually helped them develop the importance of investments to be made for the future, enabling facilities such as sanitation, hygiene, drinking clean and safe water, schools, healthcare centers, increase in the standard of living of the farmers through the income they earned through poultry farming. It helped them gain socio-economic advantages.

2.6 Alam, M., Sultana, S., et al. (2016)

Discussed in the research about identifying the socio-economic status of the contract poultry farmers and analyzing the economics of poultry farming at Gazipur in Bangladesh. The research reveals that the farmers which are comparatively richer were selected. This also implies that the farmers who are earning higher income from contract farming are thinking of making investments, encouraging more farmers to take up farming as an occupation, imparting training to enhance their skills. This enhances the standard of living of the farmers, an increase in the educational knowledge, sources of drinking water, sanitation facilities and health care facilities.

2.7 Mutombo, P. (2014)

Identified that the purpose of this research study was examine the natural as well as the socio-economic factors and the way in which they influence the production of indigenous chicken and the level of influence in Katangi and Ikombe divisions of Yatta sub county, Machakos County. The research reveals that most of the respondents kept chicken as poultry for sale and the others were keeping chicken for eggs and meat respectively. This indicates the primary economic activity for majority of the farmers. The research helps in establishing that most of the poultry farmers i.e. 60% were selling at farm gate and remaining 40% at the local market. Selling at major hotels and markets will result in earning more income which eventually increases their standard of living for the farmers and they are able to purchase more products with their disposable income.

2.8 Saravanan, R. & Sridharan, A. (2013)

Focused through their research paper about that 60% of the population residing in villages have not found an alternative occupation for their livelihood and is greatly dependent upon agriculture, wherein the farmers are adjected to live in poverty because of frequent failure of monsoons which results in loss of crop and financial drain. From the past 20 years, Poultry Integrators like Suguna Farms have been providing the farmers a second life by way of opening doors through contract poultry farming. The farmers enter with zero investment and marketing risk, for selling chickens and getting an extra income once in 45 days apart from their primary occupation. With growing urbanization, a strong belief is created concerning clean and good food habits, which eventually provides farmers with greater opportunities for earning income and a higher purchasing power, which has made the life of the farmers richer and eventually happier. This research studies the level of satisfaction among the farmers.

3. OBJECTIVES OF THE STUDY

- (i) To evaluate the socio-economic impact of contract poultry farming on farmers.
- (ii) To give appropriate suggestions to improve the overall well-being of farmers engaged in contract poultry farming.

5. HYPOTHESES

Ha1: Involvement in Contract Poultry Farming has a significant influence on Standard of Living

Ha2: Involvement in Contract Poultry Farming has a significant influence on Economic Security

Ha3: Involvement in Contract Poultry Farming has a significant influence on Social Wellbeing

6. RESEARCH METHODOLOGY

The Structural Equation Model (SEM) is used in this research to examine the elements influencing accountants' adoption of accounting software A sample size of 200 contract poultry farmers was chosen. With a probability level of 0.05, the study comprises 20 observable variables and 4 latent variables, with an expected effect size of 0.3 and a statistical power level of 0.9 the minimum requirement of sample size is 173 (see figure no. 1). The non-random purposive sampling approach has been selected to efficiently identify pertinent respondents. A thorough analysis is made possible by the inclusion of primary and secondary sources in data collection. SMART PLS, a popular analytical tool for SEM, will be utilised to carry out the investigation.

Anticipated effect size:	0.3	8
Desired statistical power level:	0.9	•
Number of latent variables:	4	8
Number of observed variables:	20	0
Probability level:	0.05	0
	Calculate!	

Minimum sample size to detect effect: 173

Minimum sample size for model structure: 100

Recommended minimum sample size: 173

Data Analysis and Interpretation:

Table No: 1 Reliability and validity

Construct	Cronbach's	Composite	Average Variance	
	Alpha	Reliability	Extracted (AVE)	
Standard of Living	0.909	0.907	0.619	
Economic Security	0.900	0.900	0.645	
Social Wellbeing	0.891	0.888	0.574	
Involvement in Contract Poultry Farming	0.794	0.796	0.567	

The above reliability and validity table indicates that all the above mentioned constructs have "Cronbach's Alpha and Composite Reliability" values exceeding the recommended criteria of Hair et al 2013. Moreover, the "Average Variance Extracted (AVE") values are all above 0.05, which further confirms that the measurement model is reliable and valid. Thus, it can be concluded that there exist adequate reliability and convergent validity.

Table No: 2 Discriminant validity

Construct	Economic	Involvement in	Social	Standard of
	Security	Contract Poultry	Wellbeing	Living
		Farming		
Economic Security	0.803			
Involvement in	0.795	0.753		
Contract Poultry				
Farming				
Social Wellbeing	0.769	0.722	0.758	
Standard of Living	0.780	0.674	0.672	0.787

The above table provides the discriminant validity using the Fornell-Larcker criteria, where the square root of AVE for each — construct (diagonal values) should be greater than its correlation with other constructs (off —diagonal values). All the values in the diagonal columns are higher than their corresponding inter—construct correlations. Thus, it can be concluded that the constructs are distinct and there exists adequate Discriminant validity.

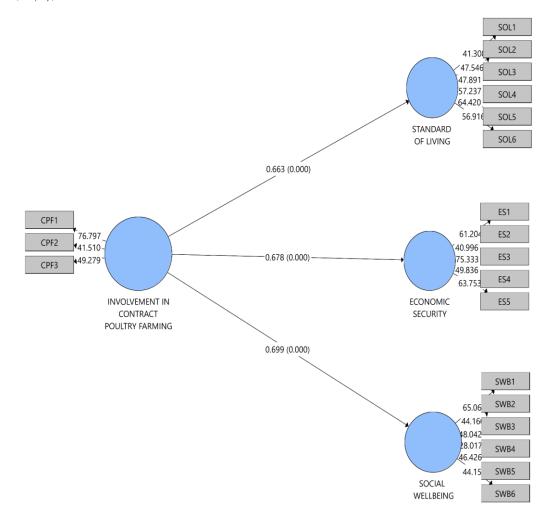


Figure No: 1 SEM model

Table No: 3 Hypothesis testing.

Construct	Beta Coefficient	T-statistics	P-Value
Involvement in Contract Poultry Farming → Standard of Living	0.663	24.321	0.000
Involvement in Contract Poultry Farming → Economic Security	0.678	23.492	0.000
Involvement in Contract Poultry Farming → Social Wellbeing	0.699	25.088	0.000

P (value) < level of significance 5% thus Ho is rejected and H1 is accepted in all the cases indicating significant impact of Involvement in Contract Poultry Farming on standard of living, economic security, and social wellbeing.

7. CONCLUSION

The study's conclusions show that farmers' standard of living, financial stability, and social well-being are all significantly improved by contract poultry farming. Many farmers have benefited from this approach by being able to obtain better housing, better nutrition, steady income, and education for their kids. Additionally, by lowering market uncertainty and facilitating access to technical assistance and inputs, it has improved their feeling of economic stability. Additionally, farmers' social standing and involvement in the community have grown as a result of contract farming. But to optimise these advantages, the enduring problems with profit margins, autonomy, and institutional backing must be resolved. Rural lives may be further improved and inclusive growth can be encouraged by fortifying the framework of contract poultry farming with more equal conditions and supporting policies.

8. SUGGESTIONS

For contracts to safeguard farmers' interests and prevent exploitation, roles, duties, profit-sharing arrangements, and dispute resolution procedures must all be precisely specified. To provide economic stability, the government and integrators should offer insurance coverage for losing chickens because of illnesses, natural disasters, or other unanticipated events. For farmers to become more productive and self-sufficient, they need get training in disease control, waste management, contemporary chicken farming techniques, and financial literacy. Integrators must provide nutritious chicks, high-quality feed, and essential medications on schedule to lower death rates and boost productivity. During crises or disease outbreaks, a network of mobile veterinary clinics or hotlines has to be established to offer prompt aid. A specialised platform that ensures prompt and equitable settlement of farmer complaints, legal concerns, and contractual conflicts must be developed. The establishment of farmer cooperatives or groups can boost access to markets and inputs, decrease reliance on individual integrators, and strengthen collective negotiating power. Financial institutions



should provide loan solutions tailored to the needs of poultry that have flexible payback terms and low interest rates to assist working capital requirements and infrastructure expansion. Agreements for contracts should acknowledge and appropriately compensate farmers for the costs of labour, water, energy, and cleaning. The entire contract farming ecology may be enhanced by ensuring integrator compliance through supporting rules and routine monitoring by livestock or agricultural departments.

9. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.

10. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

11. PLAGIARISM POLICY

All authors declare that any kind of violation of plagiarism, copyright and ethical matters will taken care by all authors. Journal and editors are not liable for aforesaid matters.

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