

SHEEP FARMING

1. Introduction

Sheep have a very important place in rural economy as they provide wool, meat, milk and skin. They are reared in all the States of India but are mostly suitable for rearing in the arid, semi-arid and mountainous areas. It is a source of income to low income groups particularly shepherds. Sheep do not require buildings to house them. They eat various kinds of plants and are economical converters of grass into meat. Mutton is a kind of meat which has no religious prejudice. Apart from source of wool and meat, the sheep are also a source of manure.

Amongst the States, Rajasthan has the maximum number of Sheep and Jammu and Kashmir has the highest number of cross bred sheep.

2. Market potential

The country at present has 50 million sheep as per 1992 Census. Wool production in India is 44 million kg and the export earning from woollen products in 1994-95 stood at Rs.2577 crores. Meat export accounts for 8% of agriculture and processed food products export in terms of value. Apart from meat, live sheep and leather and leather products also have export value.

3. Technical details

(a) Project Capacity

The project size is 200 ewes and 10 rams.

(b) Assumptions

- ❑ Lambing interval of 12 months and lambing percentage is 70 during 1st year of operation with sex ratio of 50:50.
- ❑ Total lamb production is considered 140 numbers and with mortality rate of approx. 5% conservatively, total lamb production shall be as 130. Female lambs are retained and male lambs are sold at 8 to 9 months of age.
- ❑ Shearing of wool is done twice a year.

- Yield of wool is as follows:
Adults 1.2 Kg per animal
Lambs 0.6 Kg per animal

4. Working capital (for 30 days) once a year

S. No.	Items	Details	Total (in Rs.)
1.	Concentrated feed during lactation period	210 x 0.25 Kg./day x 30 days @ Rs.4.00/kg L.S	6,300.00
2.	Misc. expenses		200.00
		TOTAL	6,500.00

Note: The main source of feed is by way of grazing. During lactation period provision is also made for concentrated feed.

5. Cost of project

S. No.	Items	Amount (in Rs.)
1.	Land	own
2.	Site Development fencing, and roofing 500 sq. ft.	12,000.00
3.	Cost of animals	
	(a) 200 ewes × Rs.550/- per ewe.	1,10,000.00
	(b) 10 rams × Rs.650/- per ram.	6,500.00
4.	Equipment and insurance, veterinary expenses, cost escalation and contingencies etc. (LS)	15,000.00
5.	Working Capital	6,500.00
		TOTAL
		1,50,000.00

6. Means of finance

S. No.	Particulars	Amount (in Rs.)	%age
1.	Promoters Contribution	3,000.00	2.00
2.	NSTFDC - Term Loan	1,32,000.00	88.00
3.	SCA – Loan/Subsidy	15,000.00	10.00
	TOTAL	1,50,000.00	100.00

Note: The State Channelising Agencies shall arrange to provide subsidy to beneficiary(ies) as per norms of their Corporation. Further, SCAs may also make efforts to avail incentive/subsidy from other centrally sponsored schemes.

7. Project economics

A.	Sales Realisation	Per annum/unit Amount (in Rs.)
(i)	From sale of wool	
	Adult sheeps 210 × 1.2 Kg× 2 cycles × Rs.60 per Kg.	30,240.00
	Lambs 70 × 0.6 kg× 2 cycles × Rs.60 per Kg.	5,040.00
(ii)	Sale of lambs 100 × Rs.500 each	50,000.00
(iii)	Penning charges	8,400.00

	200 × 6 months × Rs.7 per animal per month	
	TOTAL	93,680.00
	SAY	94,000.00
B.	Cost of Production	
(i)	Concentrate	6,300.00
(ii)	Veterinary expenses/insurance @ Rs.10 animal	5,600.00
(iii)	Shearing charges	1,100.00
(iv)	Interest charges	9,000.00
(v)	Sustenance allowance	18,000.00
(vi)	Misc. expenses	1,000.00
	TOTAL	41,000.00
C.	Cash profit	53,000.00
D.	Depreciation/amortisation of expenses @ 10%	14,350.00
E.	Net Profit	38,650.00

8. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 6 years)	24,500.00
2.	Debt service coverage ratio	1.85
3.	Return on investment (ROI)	25.77%

9. Interest, moratorium & repayment period for beneficiaries

- (a) Interest : 6% p.a. on NSTFDC term loan.
- (b) Moratorium period : 9 months from date of release of funds by SCA.
- (c) Repayment period : 6 years excluding moratorium period.

10. Conclusion

Sheep farming is thus found to be an economically viable proposition. This is particularly helpful for the backward sections of the society. The profitability of the project will improve if income on sale of other incidental items available from the project (like availability of leather and sheep milk) is taken into account.

Note: No manpower on wages is considered since entrepreneur himself & his family members can manage the activity.

11. General remarks

- The cost of project may vary in different States & Regions.

It is assumed that the products/ services have good demand, and the beneficiaries have relevant experience in the relevant fields.