The Hiccups of a Startup and Unfolding Money Laundering Dimensions - A case study

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Abstract
This paper discusses a case study revealing the experience as a Start-up entrepreneur. It’s about producing Country Chicken and Eggs and explains why Country chicken was chosen as the first choice of product by an emerging entrepreneur. The various problems associated with its rearing style in modern times is highlighted. Also this paper explains how the modern method of chicken production accompanies health hazards inviting irreparable loss to the human community.

The Influence of ill-gotten money in the trade practices or how it gets generated by using poultry as the platform is revealed. The practiced methods result in either chicken meat as one of the products unfit for human consumption or how the sub-standard practices gains the position of de facto standard among the rearing community over the period of several batches of Bird’s life cycles in a seamless manner.

The outcome of the project was taken to the Knowledge of the District Collector, Tiruvannamalai in order to create more ethical entrepreneurs and employment opportunities in this sector.

Keywords: Chicken, Eggs, Antibiotics, ill-gotten money, District Industries Authorities, Money Laundering, Modern Caging method, Growth promoters, Antibiotics resistivity, Antibiotic resistant bacteria(ABR), Adulteration.

Introduction
The culture of rearing Country chicken is almost endangered from the backyard of every home in our country. It is one of the products which made the life of common men not affected by the presence or absence of money to face the daily life in a confident manner. If anyone affected by strong cold and fever were served with “Pepper cum chicken soup”. It was a Food as well as Medicine. It doubly cut the cost associated with it. Also it did not lay any foundation for self-doubting the future towards a carcinogenic environment.

Why to choose Country Chicken as first product of choice?

“கொவனின் ஆபயன் கொவன் ஐந்தாண்டுகளுக்கு முன் கொவன் கொவன் என்வெண்”

The above mentioned two lines represent Poem no 560 represent Thirukkural Written by Tamil saint Thiruvalluvar in an undated era stands tested matching the conditions of contemporary times. It means whenever administration fails in a country, the six fundamental industries which remain as axis of life such as Agriculture, Textiles, Judiciary& Police, Weaponry, Logistics, and Education will lose their fairness and credibility. All these will be signified through reduction in stature of one single species Cow, the cattle. Here cattle is the embodiment of Ecology, Environment and Biodiversity.

By delighting on this 7 words about the world almost like an acronym, immersed into the state of confidence imbibed from the beauty of the above lines. The decision was made to venture into rearing Cattle (Cows) as an attempt to bring back the normalcy in agriculture.

But considering the ground reality of the following into consideration,

- To bring back the cattle into the profitable zone of agriculture despite the fact being one should spend Rs.200 per day to feed one animal irrespective of whether yielding (milking) results or not.
- To provide the farmer associated in field with a decent compensation.
- To deliver consumers with a product as per the standards in outcome.
- To reach Consumers at an affordable price.
- And finally to Win the business.

The decision was finally altered to choose country chicken as the first product of choice at startup level. This confidence was perceived as a result of inference made from the farmer’s experiences in real time as well as attending various training programmes conducted by the Farmers Training Center, Kanchipuram, Tamilnadu veterinary and Animal Sciences University.

Rearing Model
The choice of batch size was midsized with a count of 2000 one day old chicks. Also it was decided to go for free range rearing in an area of 2 acres of unused agricultural land rather than using modern
caging method. This reduces the need for medicines as a way of disease avoidance as well as large fixed cost needed for the construction of modern poultry unit.

The feed were procured only from Tamilnadu Veterinary and Animal Sciences University (TANUVAS) despite the fact that it costs more than the feed available in open market. As an entrepreneur decided to go for it considering customers health only in mind and ignoring the increased production cost.

Rearing Operation:

Under the guideship of the Professor & Head, Farmers Training Center, Kanchipuram, chicks were procured from Central Poultry Development Organization, (CPDO) Bangalore in Sep2016. The procuring cost was Rs.40, 000/ for 2000 one day old chicks. Additional 100 chicks were provided at free of cost to bare the inconvienences caused due to mortality during the batch period. The benefit of Rs.15, 000 per month was fixed for the farmer involved in rearing.

As far as expenses are concerned feed is the area where maximum money is spent on. During the first 30 days, the birds don’t consume much feed as their need remain few grams in terms of 30 grams per day per bird. The birds were fed with the balanced food and medicines needed as a preventive measure as per recommendations of the University. The expenses for the first three months lie within the limit of less than 1 lac per month which includes the cost for building native styled shelters for birds at a cost of Rs.18,000/-. During this period no revenue was made. Also the birds gained a weight ranges from 800 grams to 1.2 kg.

From fourth month onwards it took additional expenses crossing the limit of Rs.1 Lac due to increase in intake of feed 100 grams per bird per day. The grown up cocks were identified which started fetching revenue of Rs.250 /kg (Live weight) at farm itself in retail manner. This added the confidence of the farmer in terms of sales and marketing without any assistance from external agencies. Between 4th month and 7th month, were able to sell approximately 500 cocks in number totaling the revenue of Rs.2,54,412. From 7th month it started producing eggs. An average of 400 eggs per day were harvested with a selling price of Rs.10 per egg as farm price. Total eggs collected till the end of the batch period (15th month) were 99,592 in count, leaving the final batch size to approximately 780 hens as final stock. A gross Profit of Rs.3,10,027 (20.68%) was made from an investment of Rs.14, 98,630 in 15 months of batch time with an earnings of Rs.2, 48,021 per annum.

Winning note:

A great happiness and satisfactory feeling was created among the team when the batch came to a fine end by Nov 2017 as a result of selling around 900 cocks identified from the flock of size 2000. It was sold at a retail price of Rs.250 / kg which is Rs.50 lesser than the consumers market price and Rs.100/kg more than the trader’s procuring price from the farmers in bulk. This attracted the customers to approach the farm directly and imparted confidence to the farm workers. Also the production of residue free country eggs was greeted with thanks and gratitude from the friend’s circles and the customers during the batch time.

The outcome was presented in front of District Industries Authorities, Tiruvannamalai. And it was sanctioned with an industrial loan of 1 cr with a subsidy of 25 % for starting a Feed mill as an extension. But due to the constraint on producing a collateral worth of 1 crore, the application was stopped in Bank. Hence it was decided to stop the project at the end of batch for a time while to ensure financials of standard value. Also it is hoped with positivity to proceed further in the event of meeting a right one who offers loan for knowledge and experience as Primary Guarantor.

Table 1 below summarizes Income and Expenditure for the batch cycle of 15 months

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>Expenses in INR</th>
<th>Income in INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Day1 old chicks 2,100 in count</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Salary for farmer for 15 months (Rs.15,000 *15)</td>
<td>2,25,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Cost of Native styled Shelter</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Feed cost for 15 months</td>
<td>12,08,030</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sale of live birds of 900 cocks in count</td>
<td>4,96,837</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sale of eggs 99,592 in count</td>
<td>9,95,920</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>By selling final stock of 780 hens</td>
<td>3,15,900</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>other expenses</td>
<td>7,600</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Total</td>
<td>14,98,630</td>
<td>18,08,657</td>
</tr>
<tr>
<td>10</td>
<td>Profit/Loss</td>
<td>3,10,027</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1 below speaks on income and expenditure with Months on X-axis and Rupees on Y-axis
Summary of Entrepreneur’s satisfaction at the end of Batch from various dimensions:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Activity associated in Poultry Business.</th>
<th>Benefiting Parameters</th>
<th>Satisfactory status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Investor</td>
<td>Profit of Rs.3 lacs in a span of 15 months with an investment of Rs.1 lac per month totaling the expenses to Rs.15 lacs</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Producer’s benefit &amp; contribution</td>
<td>i. benefit of Rs.15,000 as salary per month ; ii. 2000 birds in count iii. 99,952 eggs iv. less prone to develop antibiotic resistant bacteria</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Trading</td>
<td>Direct selling of the eggs and selling of around 900 Live Cocks in number at a cost of Rs.250 /kg</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Consumer</td>
<td>Reduced purchasing cost of Rs.250 /kg meat(Live) &amp; Residue free eggs at the cost of Rs.10 /unit</td>
<td>✓</td>
</tr>
</tbody>
</table>

Table 2: Table summarizing the satisfaction from different dimensions

**Problems Faced in Poultry Industry**

The modern methods of chicken rearing require knowledge based decisions and it cannot be a laymen’s choice. Those who involve in rearing struggles either to accept or to reject a new standard of thought in market.

1. Selection of **Batch size**. Most of the ones fail at the start of the project stage itself by not analyzing what size of batch will be right for them which is based on investment capacity while venturing. The quantum of effort in terms of man hours and the associated labour involved in terms of cost are all ignored. This creates self-doubt to the person involved in production to stay calm in the market for a threshold period required to get recognition among the customers. Hence a balancing point satisfying investment capacity, per day productivity to
meet the expenses and aiming shortest break even time are considered to proceed.

2. Waste Tanned leather slags from the Leather industries are used as one of the protein ingredient resulting in Adulteration of Feed.

3. The farmer’s literacy level to distinguish between a General medicine, Antibiotics, Vitamins and Minerals.

4. Farmer’s lack of knowledge to understand significance of Food Cost Ratio (FCR), the optimum food fed in Kilograms to gain a standard weight of 1 kg in a particular period of time in order to achieve least cost production.

The above discussed points such as indiscriminate usage of Antibiotics in the poultry without medical recommendations, Adulteration and Farmer’s lack of knowledge give an opportunity for the generation of ill-gotten money in poultry. In other words Money gets laundered or Money has to be laundered in order to escape from the eagle eyes of Enforcement Authorities.

**Money Laundering**

Money Laundering is a method by which Money earned in an illegal manner is brought into the accounting books of an organization as if it is made as per the rules and regulations of the Law. Money Laundering comprises three stages such as Placement, Layering and Integration.

All three stages require the orchestrating assistance of an accounting professional of high caliber and a Legal professional apart from the person involved in the heinous crime. Money Laundering is a serious issue comes under the category of organized crime with an interconnected motto involving people representing different fields, which if due attention is not given can toggle the system as a nation, apart from bringing material loss.

The asset value of Poultry industry in India has touched the USD 20 billion as on date 2013. The information pertaining to substandard practices to stay competitive in market as available from the standard media sources and government passiveness in monitoring despite court ban on discriminate usage of antibiotics, it is obvious that considerable amount of money is laundered regularly. The following are some of the patterns identified in Poultry industry

Birds after administered with growth enhancers can stay away from food. By feeding with antibiotics meant for human consumption, birds are prevented from feeding for few days in its life period of 42 days resulting in the same FCR. It means chick without being fed becomes plump in size and appearance. This entices the rearer from spending cost equivalent to at least 50 grams per bird / day. The Kg equivalent for a standard batch size involving large scale production (for example of size 50000 birds) is minted as money creating a loop hole for generation of ill-gotten money. This also avoids the attention of enforcement authorities to doubt the business men associated from the perspective of Money Laundering.

This increases antibiotics resistivity of human body and the possibility of Antibiotic Resistant Bacteria (ABR) which in turn paves way for self-destruction of human race in course of time as well as forcing the medical inventions and standards to get outdated back to 100 years.

**Scenario 1: Money Laundering at rearing zone**

```
Start

Birds fed with a balanced diet as per the standards
(No antibiotics as Growth Promoter / No leather meal)

GP fed?

Yes

Money is Laundered either by Contracting level in Integration firm / Supervisor / Individual Farmer

No

Stop
```

Figure 2: Money Laundering Scenario 1
Scenario 2: Money Laundering in a Layering Firm

Harvesting of eggs destining market should not be done from a layering firm identified with some disease. It should be followed for 7 days from the date of administering antibiotics.

Figure 3: Money Laundering Scenario 2
Scenario 3: Money laundering at the production and sale of Antibiotics

**Start**

Pharma Company produces antibiotics needed for human consumption
(Production should not be done targeting the volume needed for the poultry)

**Prod_volume exceeds?**

**Yes**

ML is done equivalent to the volume of production targeting Poultry

**No**

Stockiest/Dealer Imports or Exports / Domestic sale of Antibiotics
(Antibiotics should not be exported or imported for Poultry usage as Feed and without medical recommendations)

**Export/Import / Domestic Sale unauthorized?**

**No**

**Yes**

Money is Laundered equivalent to the Volume of Antibiotics targeting the Poultry ignoring recommended Medical standards

**Stop**

Figure 4: Money Laundering Scenario 3
Scenario 4: Money Laundering opportunities created due to the unattended loop hole at the Administration Level

![Flowchart](image)

**Figure 5: Money Laundering Scenario 4**

**Metrics of the Damage predicted**

Money laundering paves the way for Loss to Human Lives, Deterioration in Health Care (Antibiotics become unfit for treatment), Deterioration in Health (Reduced immunity or increased antibiotic resistivity), surgical operations like chemotherapy, caesarian, organ transplantation become impossible. Environmental damage by propelling Antibiotic Resistant Bacteria. Reduced individual Happiness as well as social by instigated expenses towards medication. Creates additional pressure for the individual to work for big money for medication purpose alone. Create organizational pressure either to pay for affected and unproductive worker or to move on further by acquiring new ones on health grounds putting the social mood to jeopardize. It is realized that money laundering invites damage apart from material loss to the society resulting in the existing system to go off.

The summary of the ongoing incidences in the usage of antibiotics in Poultry industry in described below in table 3.
### Factors | Ongoing Incidences | Forecasted Impacts
--- | --- | ---
**Human Loss**<br>700,000 deaths globally per annum as on date now; India records 58,000 infant deaths every year which is actually a lower in value. | Projected deaths 4.7 million in Asia alone by 2050 totaling to 10 million worldwide |<br>Emergence of Antibiotic Resistant Bacteria which can spread through air affecting even the non-consumers. India declared as a Epicenter of Global drug resistance crisis; Collisin antibiotic, the last hope of a doctor is widely used in India in poultry.<br>India is yet to arrive at a policy to impose strong Anti-money Laundering procedures to prevent the damages.<br>India is yet to initiate to prevent the Human Loss |
**Indian Poultry**<br>More than 50 % meat consumption is from Chicken ; 20 billion USD worth as on date 2013 with a growth rate of 10% over a decade. | Loss on global economy worth 100 trillion by 2050 |<br>Indians like USA, Europe banned the usages of Collisin in Poultry. India is yet to initiate to prevent the Human Loss<br>Dire need to earn more money to meet out hospital expenses for an individual, despite the increased uncertainty to recover. |
**Antibiotic resistivity**<br>Tetra cyclines and Fluroquinolones are used as growth promoters in chicken ; Like this more than 20 antibiotics identified being used in Poultry which is meant only for Human consumption; India imports Collisin 150 tons a year apart from manufacturing through two companies | Human body fails to respond And exhibiting increased resistivity towards treating Cholera,Malaria, Respiratory and Urinary infections ; Could affect Kidneys, Liver, Bone marrow. Organ transplantations, Chemotherapy, Caesarian etc become impossible. |<br>Countries like USA, Europe banned the usages of Collisin in Poultry. |
**Antibiotic Resistant Bacteria**<br>India remains as the World’s biggest consumer of Antibiotics , contributing to the emergence of antibiotic resistant bacteria such as mcr-1 bacteria, New Delhi metallo-beta-lactamase 1 (NDM-1); India’s usage of antibiotics in chicken is predicted to rise by fivefold by 2030 compared to 2010 while globally the amount used in animals is expected to rise by 53% |<br>Table 3 on going incidences and forecasted damages |

### Table 3

### Suggestions and Recommendations

**For Future entrepreneurs**

It was able to find that considerable amount of Food cost gets subdued when cows and chicken are reared together maximizing the profit. Cow dung plays a vital role in producing termites based protein nutrition .Also by growing own feed ingredients, there is a great opportunity to substantially reduce the production cost by at least by 50 % there by maximizing the profit and decreasing the pressure on working capital .Also the consumer can enjoy defect free and residue free product . It lays a foundation to bring back the fertility of nature and avoids the one from foreseeing the future with
For the Government

The government may bring an ordinance that Educational certificates can be retained as collateral in Banks instead of expecting the parental assets while offering Loans to encourage more entrepreneurs. This will accelerate the emergence of more talented from the First generation entrepreneurs category.

Large scale production in poultry is one of the reasons for indiscriminate usage of antibiotics in modern poultry which results in Money Laundering. Hence midsized Entrepreneurs are to be encouraged by Governments in a native styled manner. This will pave the way for emergence of more Entrepreneurs to meet the same demand.

By enforcing Anti money Laundering measures, the indiscriminate imports and usage of antibiotics can be regularized, the increase in antibiotics resistivity developed by Human body can be at control, the crisis on India designated as the epicenter of Global super bug can be written off. Entrepreneur’s attitude to maintain the standards on antibiotics can be at vigil and reduced opportunity for Money Laundering and the associated Human loss.

Conclusion

The researcher in his model farm sincerely ignored and rejected the above mentioned substandard practices which remain as blockage in bringing benefits to all associated in the business and also for the whole community. As an entrepreneur satisfaction could not be taken to the level of enjoyment at the end of the batch, not for the reason it reached a standstill in carrying the business to the next level but for the perplexity of thoughts whether to move on further which encourages the killing of innocent animals after rearing in a native styled in order to save the consumer community from anticipatory slow death or directly preaching them to give up eating. Here when any one of the above discussed issues is not solvable, it is the actual defeat. It is the need of the hour to have strong shift in the psyche of Entrepreneur’s self-determination to view entrepreneurism as a way of shouldering the responsibility and it is not a salvation towards mere profit. Expecting the whole community to become vegan is left to time. Upcoming entrepreneurs should encourage and adapt the native styled rearing after all they are also the part of community along with creating awareness among the consumers. It requires the strong Governmental intervention in directing the Banks to ease the regulations while offering loans or a complete shift in policy in rearing because of the reason it is one of the most preferred and most sought products to dine.

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16. Lists of Antibiotics such as Colistin, streptomycin, erythromycin, tobra-mycin, ampicillin, chlortetracycline, procaine penicillin, oxytetracycline, tylosin, bacitracin, neomycin sulphate, streptomycin, erythromycin, linomycin, oleandomycin, virginamycin, banbermycin, chlortetracycline and doxycycline (class tetracyclines) enrofloxacin ciprofloxacin (class fluoroquinolones) and carbapenem.