
A STUDY OF INDIAN POULTRY INDUSTRY

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ABSTARCT: The global poultry sector has been primarily characterized by a continuous growth in demand over the years. Expected to grow by 31.6% and reach 119.4 MT by 2023, global consumption stood at 90.7 MT in 2012. Traditional poultry producing nations like the US and EU are expected to see a slowdown in growth as developing nations take centre stage. As demand for poultry products continues to grow, exploring India's role in the global market becomes more and more crucial.

Poultry is one of the fastest growing segments of the agricultural sector in India today. The history of poultry in India is about 5000 years old. Credit for developing the poultry in this country should go to the Christian Missionary Organization and some British people who brought some superior exotic breeds in beginning of 20th century. India's poultry sector represents one of the biggest success stories of the country over the past decade. India is the **second largest** egg producer and **third largest** broiler-chicken producer in the world with production estimates of 65,000 million (2.8 million tonnes) eggs and 3 million tonnes of broiler meat per year. India has vast resource of livestock and poultry, which pay a vital role in improving the socio-economic conditions of rural masses. There are about 300.00 million bovines, 65.07 million sheep, 135.2 million goats and about 10.3 million pigs as per 19th Livestock Census in the country.

The Government of India also focusing the development of poultry and in this direction GOI launched a National Meat and Poultry Processing Board on 19th Feb 2009 to work as a National hub for addressing all key issues related to Meat and Poultry processing sector for the systematic and proper development of this sector. In addition to these efforts, the Ministry of Food Processing Industries is exploring other opportunities like development of mega food parks, modern abattoirs, cold storage & transport, processing units and incentives to further develop existing projects.

Keeping in view the above facts, a study has done on '*INDIAN POULTRY INDUSTRY*' which highlights the path of growth the industry, SWOT analysis and issues and challenges faced by poultry industry. The conclusion and suggestion have been made which will be beneficial for the growth of poultry industry.

KEYWORDS- Poultry, Broiler, Egg, Meat, outlet, Indian poultry industry.

INTRODUCTION

Poultry is one of the fastest growing segments of the agricultural sector in India today. The history of poultry in India is about 5000 years old. But the strange paradox of this country is that although it introduced poultry to the world it itself remained indifferent to it for a long time. Credit for developing the poultry in this country should go to the Christian Missionary Organization and some British people who brought some superior exotic breeds in beginning of 20th century. In 1950 the production of egg was only 1.8 billion eggs, in 1995 it was 27 billion eggs and in 2014-15 it is 79 billion eggs which shows a tremendous growth in poultry industry.

The poultry industry can be classified into broiler industry and layer industry. Late Dr. B.V.Rao, called "Father of Modern Poultry in India". Dr. B.V.Rao was instrumental in setting up the National Egg Coordination Committee in 1982, it is a charitable trust with 24 zones and 118 local committees has about 25,000 farmers as its members spread out all over India helping the layer farmers obtain reasonable, remunerative, viable price for eggs. Broiler industry is concerned with poultry meat and layer industry is concerned with egg production. **BROMARK (Broiler marketing Cooperative Society):** Bromark, also a

brainchild of late Dr. B.V. Rao is an all India Broiler Farmers' Body registered under the Multi State Cooperative Societies Act in 1994. The objective of the Bromark is to ensure the gap between producer's price and consumer price is reduced and promote the consumption of chicken meat by advertising on its nutritive value.

The global poultry sector has been primarily characterized by a continuous growth in demand over the years. Expected to grow by 31.6% and reach 119.4 MT by 2023, global consumption stood at 90.7 MT in 2012. Global meat consumption per person, expressed in retail weight, is expected to reach 36.3 kg by 2023. This will be 2.4 kg more than the average for 2010-12, with poultry meat accounting for 1.7 kg or 72% of this gain. By 2023, poultry uptake will come close to 15 kg per person on a retail weight basis. Over the same period, world trade in poultry meat is expected to increase by 31.3%, from 10.8 million tonnes to 14.2 million tonnes. A major increase in production is foreseen as BRIC nations emerge as key players. India is expected to double its poultry trade statistics, followed closely by Brazil and China. Traditional poultry producing nations like the US and EU are expected to see a slowdown in growth as developing nations take centre stage. As demand for poultry products continues to grow, exploring India's role in the global market becomes more and more crucial.

INDIA'S POULTRY SECTOR

India's poultry sector represents one of the biggest success stories of the country over the past decade. India is the **second largest** egg producer and **third largest** broiler-chicken producer in the world with production estimates of 65,000 million (2.8 million tonnes) eggs and 3 million tonnes of broiler meat per year. The market is estimated to be worth about INR 90,000 Crore (EUR 12.65 Bn). Nearly 20 million farmers are employed in poultry industry with around 1,000 hatcheries operating across India. While agricultural production has been rising at the rate around 2% per annum over the past two to three decades, poultry production has been rising at the rate of around 8-10%, posting an annual turnover of US\$ 7500 million. The domestic market has displayed increasing buoyancy, owing to a growing rural market based on lower feed and poultry prices, growing disposable income and increased awareness of new technologies and mechanizations in the sector. Nevertheless, urban demand still accounts for 80% of domestic consumption.

Top 5 States by Estimates of Meat Production ('000 Tonnes)

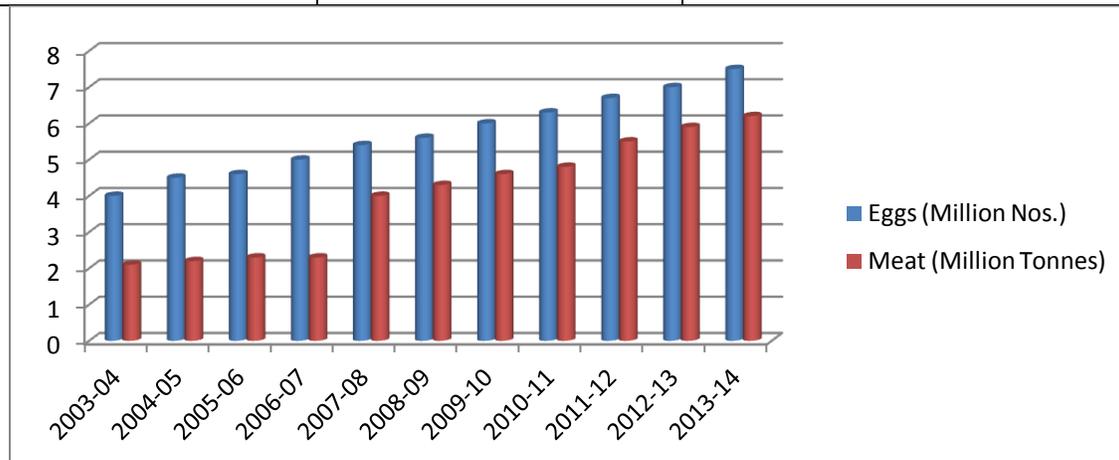
STATES	2007	2008	2009	2010	2011	2012
Andhra Pradesh	309	334	363	400	446	449
Maharashtra	275	280	309	334	346	379
Tamil Nadu	334	356	397	362	306	334
Haryana	185	220	230	306	324	333
West Bengal	231	232	252	273	301	328

India has vast resource of livestock and poultry, which plays a vital role in improving the socio-economic conditions of rural masses. There are about 300.00 million bovines, 65.07 million sheep, 135.2 million goats and about 10.3 million pigs as per 19th Livestock Census in the country.

PRODUCTION OF MAJOR LIVESTOCK PRODUCTS

Year	Eggs (Million Nos.)	Meat (Million Tonnes)
2003-04	4.0	2.1
2004-05	4.5	2.2

2005-06	4.6	2.3
2006-07	5.0	2.3
2007-08	5.4	4.0
2008-09	5.6	4.3
2009-10	6.0	4.6
2010-11	6.3	4.8
2011-12	6.7	5.5
2012-13	7.0	5.9
2013-14	7.5	6.2



FINANCIAL ALLOCATION AND EXPENDITURE (31.12.2014)

	Budget Estimate	Revised Estimate	Actual Exp.
Poultry Development	52.5	50.36	50.9
a) Assistance to State Poultry/Duck Farms	10	10	9.8
b) Rural Backyard Poultry Development	40	40	39.99
c) Establishment of Poultry Estates	2.5	.36	.30
Central Poultry Development Organizations	18.50	16.00	15.01
Poultry Venture Capital Fund	30.00	30.00	40.00

THE GOVERNMENT SUPPORT

There are a several opportunities for foreign direct investment (FDI) in the poultry sector in areas like breeding, medication, feedstock, vertical integration and processing. Currently, 100% Foreign Direct Investment (FDI) is permitted in the food processing sector which covers dairy, poultry, marine, vegetables and fruits. The Government of India also launched a National Meat and Poultry Processing Board on 19th Feb 2009 to work as a National hub for addressing all key issues related to Meat and Poultry processing sector for the systematic and proper development of this sector. In addition to these efforts, the Ministry of Food Processing Industries is exploring other opportunities like development of mega food parks, modern abattoirs, cold storage & transport, processing units and incentives to further develop existing projects.

Robust growth in the poultry output, coupled with future growth potential and favourable socio-economic factors over the last decade makes India one of the fastest growing world markets in this segment. India's transition from a predominantly live bird market to a chilled/frozen market is expected to be crucial

for the increased presence in international trade (where India currently has minimal presence). The need for developing efficient distribution system with large investments in cold chain infrastructure, and increasing the market acceptability of frozen chicken are going to be the key industry drivers in the long-term. Other factors such as the increased requirement for upgraded infrastructure will also play a key role in determining India's continued presence in the global poultry market. The industry has traditionally focused primarily on productivity improvement, but current market needs suggest increased importance of enhancing distribution infrastructure, value additions and exercising better control over its supply chain. International players with an interest in the Indian poultry market will find considerable opportunities in this sector— focused on increased technological specialization, enhanced distribution systems and quality upgrades.

SWOT ANALYSIS

Strengths-

1. Increasing use of enzymes formulations and pro-biotic, higher off take and lower margins in vitamin formulations for feed use are very likely.
2. Positive role of integrators and corporate in promoting live and fresh chilled chicken sales at retail and institutional levels will give more strength to the industry.
3. In coming years, India will see major changes in the way chicken is sold. Live chicken sales at retail level will continue to thrive, but the entry of bigger players in this segment will give it a big lift.
4. Manufacturers in a single area may initially have to operate at below capacity, but in a short term will be able to gain business strengths and become viable.
5. Broilers will reach newer consumption centers, either through food stores in chilled form or through superior, cleaner and hygienically-maintained live bird outlets. Such developments will reduce pressure on existing markets in the metros and improve trade relations.
6. Feed units will open in areas where there are none, in existing poultry production regions and in upcoming ones. This will mean total feed output will go up.
7. The feed additives and poultry health products business will register a steady growth. Lower tariffs will benefit importers but higher marketing Increasing use of enzymes and probiotics, higher off take and lower margins in vitamin formulations for feed use are very likely for manufacturers and repackers.
8. Marketing of branded eggs in consumer packs would bring value addition and promote consumption.
9. Industry's ability to operate on even lower margins, bigger volumes, narrowing the farmer-to-consumer price gap.

Weaknesses-

1. Lower feeding stuffs prices and improved availability consequent to higher domestic production, falling exports and imports of raw materials
2. Lower bad debts and write-offs will offset higher energy and labor costs
3. Positive and negative impact of fewer but bigger operators at breeder and commercial levels.

Opportunities-

1. Eighty percent of Indian population is non-vegetarian as per a survey by Anthropology Survey of India. Moreover poultry has no religious sentiments.
2. Government policies relating to investments in poultry and ancillary industries, taxation, import duties, excise levies are positive
3. Increase in income generation vis-à-vis purchasing power in the rural poor and marginal farmers. Thus increase of demand in domestic market and also due to conversion from vegetarianism.
4. Consumer awareness, perception and acceptability of eggs and chicken as healthy food is increasing
5. As per experts the value added poultry products will have high demand and also increase consumer acceptance in coming days.

6. India is gifted with natural sunshine, cultivable land and sufficient rains. Even by providing water to the land we can make poultry feed for the whole world.
7. The poultry business gives quick turnover the growth cycle is very fast only 45 days. It generates fast cash. So farmers can take interest in the business.
8. India has competitive advantage as The cost of production of both eggs and chicken meat is less than the international prices. Thus it can get the chance of establishing itself in the world market.
9. Although the global players are trying to import their products in India but Indians prefer fresh poultry products than imported frozen and chilled products. So imported products will find few takers.
10. Eggs and chicken meat are the cheapest sources of animal protein as compared to any other source.
11. Increasing use of information technology, websites, and hot news via e-mail.

Threats-

1. Poor infrastructure for export is hindering the export of poultry products and competition from international players.
2. Increasing propaganda and demonstrations by organizations on promoting vegetarianism and Animal rights.
3. Many countries are protecting their poultry industry from foreign competition by protective measures like restricting imports, keeping egg prices at lower level etc.
4. Unavailability of breed, lack of integration, no link between consumer demand and need and leakage value are some limiting factors of poultry industry today.
5. Stiff competition from Sri Lanka, Pakistan, Brazil and France, all these countries provide subsidies, export incentives to exporters, and keep their price low.

FINDINGS AND SUGGESTIONS

The poultry industry is among the fastest growing in the world, it's potential to attract to big-time foreign investment is negligible and that is why it is necessary to change – it needs greater integration, better cost-effectiveness and improvement in the distribution. In coming years, India will see major changes in the way chicken is sold. Live chicken sales at retail level will continue to thrive, but the entry of bigger players in this segment will give it a big lift. Poultry meat is the fastest growing component of global meat production, consumption and trade, with developing and transition economies playing a leading role in the expansion. India, the world's second largest developing economy, now has a large and rapidly expanding poultry sector. In India, the poultry sector growth is being driven by rising incomes, together with the emergence of vertically integrated poultry producers that have reduced consumer prices by lowering production and marketing costs. Keeping in mind all the facts, following suggestions may be drawn for the growth and development of poultry industry-

- There should be proper storage facility for maize as it is produced as rain-fed crop and therefore subjects to vagaries of monsoon. Maize production has not been able to keep pace with its consumption by animal feed sector.
- The poultry companies have to encourage direct procurement of maize from the farmers by using contract farming, models that are currently use in oilseeds and wheat.
- Indian poultry industry needs good branding system in order to increase the consumption of chicken.
- More retail outlets, mass gathering and creating awareness home to home about the nutrient values of chicken and egg.
- Collection of reliable, updated statistics necessary for immediate and long term planning and thus help preventing surplus, shortages etc.
- More efficient, independent, authority for disease monitoring, biological quality control should be developed.

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