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Report Highlights:

The CY 2019 cattle (*Bos taurus* or *Bos indicus*) and water buffalo (*Bubalus bubalis*) population is estimated at 306.4 million head. Assuming there is a growing global beef demand, the CY 2019 *carabeef* exports are projected to recover to 1.7 MMT CWE, almost 7 percent above last year, assuming modest export demand and improving local supply.

Executive Summary:

The CY 2019 cattle (*Bos taurus* or *Bos indicus*) and water buffalo (*Bubalus bubalis*) population is estimated at 306.4 million heads. Assuming there is a growing global beef demand, and assuming modest export demand from Southeast Asian and Middle Eastern countries and improving local supply, the CY 2019 Indian *carabeef* exports are projected to recover to 1.7 MMT, almost 7 percent above last year. An expanding Indian dairy industry (private and government) will support the rise in cattle population and beef production; 50 percent of the rise will be from water buffaloes. Compared to 2017, *carabeef* and beef exports in 2018 dropped 16 percent to 1.55 MMT CWE (valued at \$3.4 billion).

Commodities:

Animal Numbers, Cattle
Meat, Beef and Veal

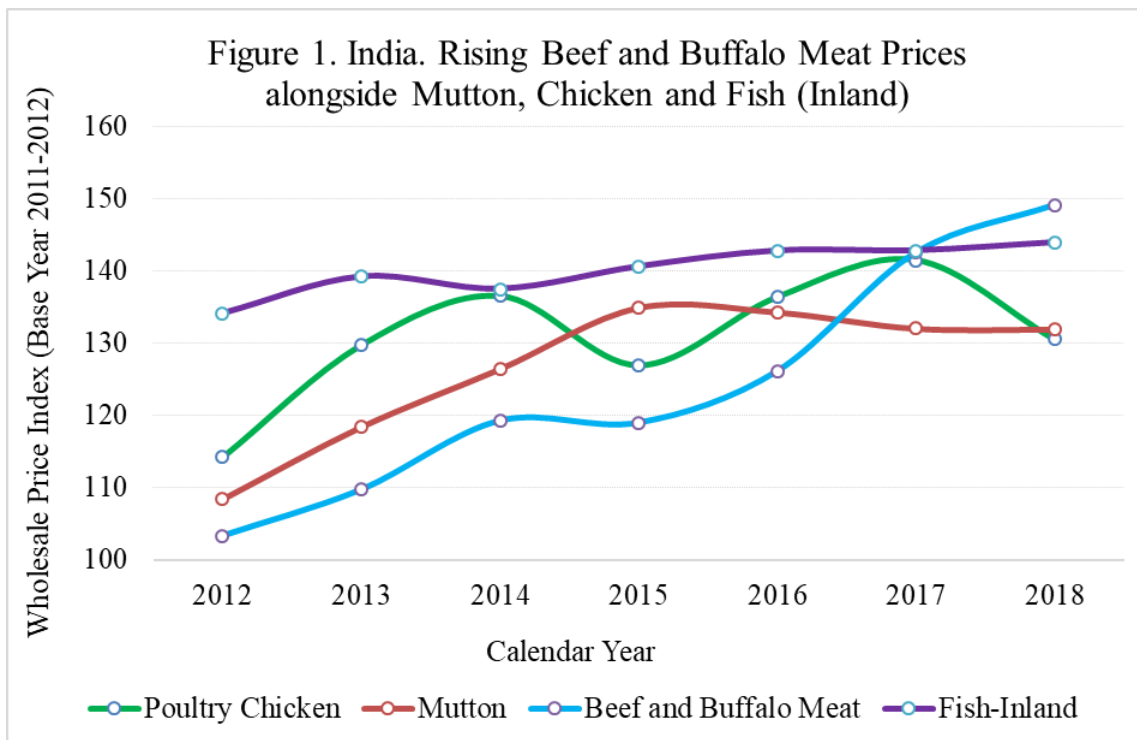
Production:

India's CY 2019 cattle (*Bos taurus* or *Bos indicus*) and water buffalo (*Bubalus bubalis*) population is estimated at 306.4 million compared to 305 million in 2018. Post anticipates an incremental rise in CY 2019 *carabeef* and beef production to 4.36 MMT CWE, 1.4 percent above last year¹. Steady export demand and an expanding Indian dairy industry (private and government) will support the rise in cattle population and beef production, 50 percent of which will be water buffalo.

In the last few years, crackdowns on illegal abattoirs in major producing states has not affected the legal export-oriented units but have led to closure of many small illegal shops. After a brief lull in 2015, *carabeef* and beef prices spiked and remained strong through January 2019 (Figure 1) while prices of other meats either softened or remained flat, particularly over the last year and a half.

In addition, there are media reports of an increased stray cattle population, mostly unproductive bulls and calves. This increase is a direct result of the ban on their transport and sale. India had upwards of 5 million stray cattle according to the 2012 Livestock Census. We will learn how much that population has increased when the pending 20th Census is published. ([Press note 20th livestock-census](#)).

¹ *Carabeef* production is mainly concentrated in the states of Uttar Pradesh, Andhra Pradesh, Maharashtra, and Punjab, with Uttar Pradesh having the country's largest water buffalo population.



Source: Ministry of Commerce and Industry, GOI

Consumption:

India's CY 2019 consumption of 'carabeef' and beef is expected to remain flat at 2.7 MMT CWE (same as last year). Any surplus will be diverted for export sales. Culture and religion have deep influences on the foods that Indians eat. For example, *carabeef* is mainly consumed by Muslims and Christians, but large segments of the Hindu population do not eat carabeef. By contrast, chicken meat is widely consumed because it is accepted by people of all faiths. In addition, of course, it is popular for being suitable in a variety of dishes, relatively inexpensive, and easily available.

Trade:

The Department of Commerce of the GOI's Ministry of Commerce and Industry uses its foreign trade policy to regulate trade of livestock and livestock products. The Department of Animal Husbandry, Dairying (DAHD) regulates imports of livestock and livestock products in accordance with provision of Section 3 and Section 3A of the [Livestock Importation Act, 1898](#) in order to prevent entry of exotic diseases through import of such livestock² and livestock products. Also, please note that beef is regarded as being separate and distinct from *carabeef*, or water buffalo meat. India still prohibits the export and import of beef since cattle slaughter is banned in most Indian states due to religious sensitivities.

Imports: The import of live animals is subject to restrictions: an importer must obtain a license from the Director General of Foreign Trade (DGFT). The DGFT issues licenses based on the recommendation of DAHD after examining the proposal and conducting a risk analysis. Similarly, the import of livestock

² Livestock by definition covers mules, asses, bulls, calves, bullocks, buffaloes, goats, swine, dogs, cats, poultry, parrots, pigeons, canaries and finches.

products is governed by an “open general license” (OGL) but subject to a requisite sanitary import permit (SIP), which is issued following performance of a risk analysis (per internationally recognized scientific principles) and receipt of a veterinary certificate certified by an exporting country’s competent authority. The SIP is valid from 6 months to a year (Source: DAHD).

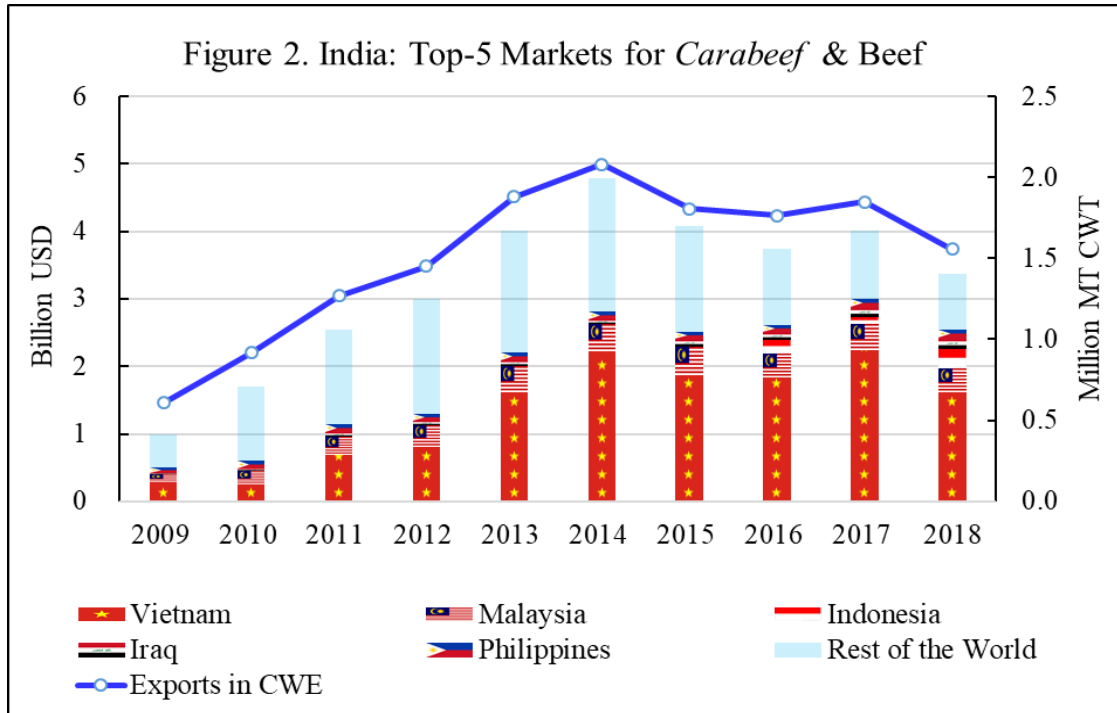
Indian import certification requirements and documentation for livestock and livestock products is updated below and available at the following link: [Trade](#). Tariffs for selected livestock products are in Table 1 below. Also, please find below hyperlinks to certain import procedures and guidelines related to livestock and livestock products:

<i># Procedure for import of livestock notified under clause b of section 2 of livestock importation Act, 1898</i>
<i># Procedure for import of livestock products notified under Section 2(d) and section 3A of the Livestock Importation Act</i>
<i># Procedure for import and export of livestock</i>
<i># Sanitary requirement (veterinary health certificate) for import of various livestock-products: crushed bones, ovine embryo, semen (pig, canine, equine, bovine, caprine, porcine, ovine), serum (equine and bovine), pork meat, processed lamb meat, fish and fisher products, milk and milk products, skin and hides, pet foods (draft veterinary certificate)</i>
<i># Sanitary requirement (veterinary health certificate) for import of various live animals</i>
<i># Procedure for importing dairy items</i>
<i># Guidelines for export-import of bovine germplasm September-2018</i>
<i># Animal quarantine and certification services</i>

Table 1. India: Tariffs for Select Livestock Products, 2018					
HS Code	Item Description	Basic	IGST	Total Duty	Import Policy
01012100-01012990	Live Horses	30	12	48.96	Restd
01013010-01019090	Live Asses, Mules & Hinnies	30	0	33	Restd
01022100 -01029090	Live Bovine Animals	30	0	33	Restd
01031000-01039200	Live Swine	30	0	33	Restd
01041010 -01042000	Live Sheep & Goats	30	0	33	Restd
01051100 -01059900	Live poultry, i.e. fowls of the species gallus domesticus, ducks, geese, turkeys and guinea fowls	30	0	33	Restd
01061100-01069000	Other live animals: mammals, birds, insects	30	0	33	Restd
02011000 -02013000	Meat of bovine animals, fresh and chilled	30	0	33	R SanP
02021000 -02023000	Meat of bovine animals, frozen, other cuts with/out bone	30	0/5*	33/39.65	R SanP
02031100-02032900	Meat of swine, fresh, chilled or frozen	30	0/5	33/39.65	Fr SanP
02041000 -02045000	Meat of sheep or goats, fresh chilled or frozen	30	0/5	33/39.65	Fr SanP
2050000	Meat of horses, asses, hinnies, fresh, chilled or frozen	30	0/5	33/39.65	Fr SanP
02062100 -02069090	Edible offal of bovine animals, swine, goats, horses, asses, mules or hines, frozen	30	0/5	33/39.65	R SanP, (#Fr SanP)
02071100-02071200	Meat, & edible offal, of the poultry of heading 0105, not cut in pieces, fresh or chilled of species gallus domesticus:	30	0/5	33/39.65	Fr SanP
02071300-02071400	Cuts & offal, fresh or chilled or frozen of species gallus domesticus:	100	0/5	110/120.5	Fr SanP
02072400-02076000	Meat, & edible offal, of the poultry of heading 0105, not cut in pieces, fresh or chilled of turkeys, ducks and geese	30	0/5	33/39.65	Fr SanP
Source: Central Board of Indirect Taxes and Customs, GOI					
Note: IGST: Integrated Goods & Services Tax, EC: Education Cess, Restd: Restricted, R SanP: Restricted Sanitary Permit, Fr SanP: Free Sanitary Permit					
*: '0 percent' for all goods (other than fresh or chilled) other than those put up in unit container bearing a registered brand name and actionable claim is available					
'5 percent' for all goods (other than fresh or chilled) and put up in unit container bearing a registered brand name and actionable claim is available					
# for liver of sheep and goats					

Exports: All exported meat products must be processed in abattoirs and meat processing plants registered with APEDA. Export shipments are subject to compulsory microbiological and other testing for the issuance of animal health certificates by the certified GOI agency.

Carabeef and Beef Trade:



Source: Global Trade Atlas

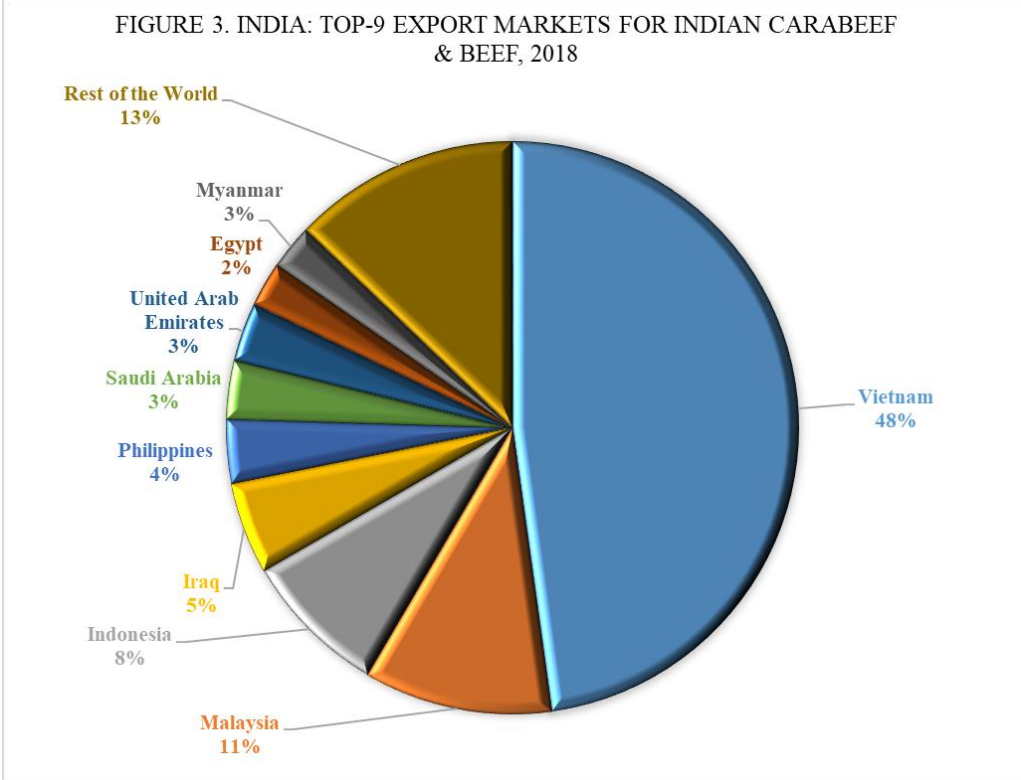
India exports only frozen boneless *carabeef*, which is mostly thawed and resold in wet markets. Some *carabeef* is also used in processed products such as canned meat, sausage, salami, burgers, and other processed meat products. Generally, Indian *carabeef* is preferred due to its affordability, leanness, and halal characteristics, which contrast with traditional beef supplies. Per 2018 trade data, India is the third largest exporter of (boneless) *carabeef* and beef, after Australia and Brazil, followed by the United States and New Zealand. The top-five destinations for Indian exports were Vietnam, Malaysia, Indonesia, Iraq and Philippines (in descending order). Together, in the last 5 years, these five destinations gained an additional 25 percent share of the Indian export basket.

Assuming a growing global beef demand, CY 2019 Indian *carabeef* exports are projected to recover to 1.7 MMT, almost 7 percent above last year, assuming modest export demand and improving local supply. In 2018, Indian *carabeef* and beef exports dropped to 1.55 MMT CWE (valued at \$3.4 billion), which was 16 percent below its previous year. Since its peak in 2014 (2.1 MMT CWE), exports have declined, by 7.5 percent year on year. Total exports fell gradually because of declining purchases from non-traditional buyers, which were grouped in the category 'Rest of the World' (Figure 2), and because of local supply issues which disrupted the value chain for buffalo meat production and processing.

This subset (Rest of the World) includes some 20 odd countries such as Russia, Algeria, Oman, Bahrain, Qatar, Kuwait, Turkmenistan, Jordan, Iran, Thailand, Mauritius, and Congo. Annual purchases from each of these countries is less than \$85 million, but cumulatively they add up to an annual average of

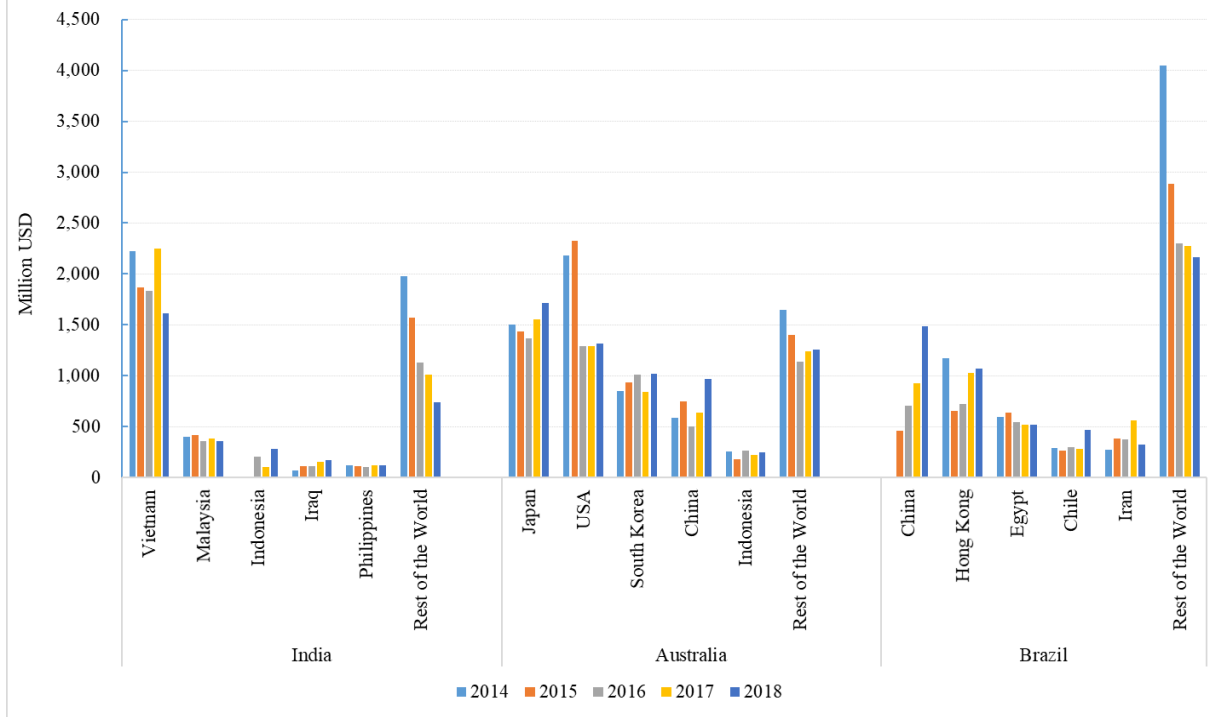
more than \$1.3 billion in Indian export sales. In 2018, the market share of ‘Rest of the World’ and the top-5 importers stood at 25 percent and 75 percent, respectively, in contrast to 40 percent and 60 percent share in 2014.

Looking at the trend, India has improved its market share in Vietnam, Malaysia, Philippines, and Indonesia; retained it in Egypt, Qatar and Mauritius; and is losing it in Jordan and Algeria to competition from premium beef suppliers like Australia and Brazil. Interestingly, exports from Australia and Brazil were destined for developed markets such as the United States, Japan, China, and UK, while Indian sales were destined for developing countries, which are mostly price sensitive markets (Figure 3).



Source: Global Trade Atlas

Figure 3. Top-3 Destinations of Top-3 Exporter's in Last 5 years



Policy:

Carabeef Meat Production Programs and Policy

Livestock Health:

Through the Livestock Health and Disease control program, the government of India’s Department of Animal Husbandry, Dairying, and Fisheries (DAHDF, aka DADF) supports state governments for implementation of disease control programs as well as veterinary services and other farm management programs. These programs help mitigate animal losses and maintain disease-free status for slaughter animals. For trade, the disease of concern is foot-and-mouth disease (FMD), for which India has an OIE-endorsed official program for controlling the disease.³ These disease-control programs along with extensive veterinary services together have helped mitigate animal losses and maintain disease-free status for animals going to slaughter after they cease to be productive for dairy purposes.

The Food Safety and Standards Authority of India (FSSAI) regulates domestic slaughter and meat processing through the regulation entitled Food Safety and Standards Rules and Regulation, 2011 (FSSR). The FSSR also defines standards and regulations for domestic and imported meat products.

³ During the year 2017-18 (April-March), a total 149 incidences of FMD were recorded across India. Almost 60% of the incidences were in the southern region of the country, and 92% of the incidences were in the state of Karnataka. During the period, six states (Andhra Pradesh, Telangana state, Maharashtra, Punjab, Madhya Pradesh and Arunachal Pradesh) and two UTs (Puducherry and A&N Islands) had no incidence of FMD. There has been reduction in disease incidences in eastern and northeastern regions. Two-fold increases in FMD incidences were recorded in southern, northern and western regions. Most of the incidences were sporadic in nature and involved only a few animals with very mild clinical lesions. This is the 15th year of FMDCP in the country that has boosted herd immunity resulting in progressive clearance of the virus from regularly vaccinated population (Source: ICAR-DFMD Annual report).

Recent government announcements:

In the 2018 Budget, the Department of Animal Husbandry, Dairying and Fisheries (DAHDF), under the Ministry of Agriculture and Farmer's Welfare, made a provision to allocate \$383 million for establishment of an Animal Husbandry Infrastructure Development Fund. The fund supports small and marginal farmers, including entrepreneurs, by helping to get better remuneration for their produce by meeting their working capital requirement to modernize or set-up a new infrastructure

On September 2018, the Union Minister of Agriculture and Farmers Welfare launched the Dairy Processing and Infrastructure Development Fund with a net outlay of \$1.5 billion to benefit 9.5 million farmers in about 50,000 villages. The program plans to create additional milk processing capacity of 12.6 million liters per day, milk drying capacity of 210 metric tons per day, and chilling capacity of 14 million liters per day ([PIB Press Release](#)).

Concurrently, DAHDF is implementing National Dairy Plan (NDP) phase-1 through the National Dairy Development Board. This plan includes a program for breed improvement, artificial insemination, and fodder development; it also includes expanding milk procurement systems at the village level.

On October 24, 2018, the Cabinet Committee on Economic Affairs, approved a proposal for creation of a special Fisheries and Aquaculture Infrastructure Development Fund, which was proposed by DAHD, Ministry of Agriculture, GOI. The estimated fund size is \$1.04 billion. Credit terms will be for a period of five years beginning in Indian fiscal year 2018/19. The repayment period is 12 years with a moratorium of 2 years on repayment of principal. The fish production target is 15 MMT by 2020 and 20 MMT by March 2023 ([PIB Press Release FIFD](#)).

Production, Supply and Demand Data Statistics:

Animal Numbers,	2017	2018	2019
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Cattle Market Begin Year						
	Jan 2017		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Total Cattle Beg. Stks	303600	303600	305000	305000	306500	306400
Dairy Cows Beg. Stocks	129000	129000	131000	130000	132000	131000
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	68200	68200	68700	68700	69000	69000
Total Imports	0	0	0	0	0	0
Total Supply	371800	371800	373700	373700	375500	375400
Total Exports	0	0	0	0	0	0
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	38400	38400	38900	39000	39000	39300
Total Slaughter	38400	38400	38900	39000	39000	39300
Loss	28400	28400	28300	28300	28200	28200
Ending Inventories	305000	305000	306500	306400	308300	307900
Total Distribution	371800	371800	373700	373700	375500	375400

(1000 HEAD),
Note: Post Data is not Official USDA Data

Table 3. India: Commodity, Meat, Beef and Veal, PSD						
Meat, Beef and Veal Market Begin Year	2017		2018		2019	
	Jan 2017		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
India						
Slaughter (Reference)	38400	38400	38900	39000	39000	39300
Beginning Stocks	0	0	0	0	0	0
Production	4250	4250	4300	4300	4330	4360
Total Imports	0	0	0	0	0	0
Total Supply	4250	4250	4300	4300	4330	4360
Total Exports	1849	1763	1665	1556	1625	1660
Human Dom. Consumption	2401	2487	2635	2744	2705	2700
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2401	2487	2635	2744	2705	2700
Ending Stocks	0	0	0	0	0	0
Total Distribution	4250	4250	4300	4300	4330	4360

(1000 HEAD) , (1000 MT CWE)
Note: Post Data is not Official USDA Data