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Report Highlights:

For calendar year (CY) 2016 broiler production is projected to increase by approximately eight percent to 4.2 million tons on rising demand from the growing middle class. Post estimates demand for processed chicken meat is growing between 15 to 20 percent per year. CY 2016 layer production is forecast at 80 billion eggs, up five percent from last year.

Executive Summary:

For calendar year (CY) 2016, broiler production is projected to increase by approximately eight percent to 4.2 million tons on rising demand from the growing middle class. Contacts believe demand for processed chicken meat is growing between 15 to 20 percent per year. CY 2016 layer production is forecast at 80 billion eggs, up five percent from last year. In CY 2015, India reported three highly pathogenic avian influenza (HPAI) outbreaks to the Organisation for Animal Health (OIE). Industry sources believe that because the HPAI outbreaks were localized, the total poultry population was not largely affected, although demand for chicken meat allegedly fell for a temporary period in some states. Poultry meat exports are small due to limited slaughtering and processing facilities and an underdeveloped cold chain.

General Information:

Broiler Production

For CY 2016, broiler production is estimated at 4.2 million tons, up by approximately eight percent from last year. The organized sector produces an estimated 80 percent of total chicken meat production, and is mainly concentrated in Tamil Nadu, Andhra Pradesh, Maharashtra, Karnataka, and West Bengal. The live poultry market constitutes 90 to 95 percent of total sales since most consumers prefer freshly culled chicken meat (please see the Consumption section for more information). According to industry sources, processed chicken meat production is around five to ten percent of total production.

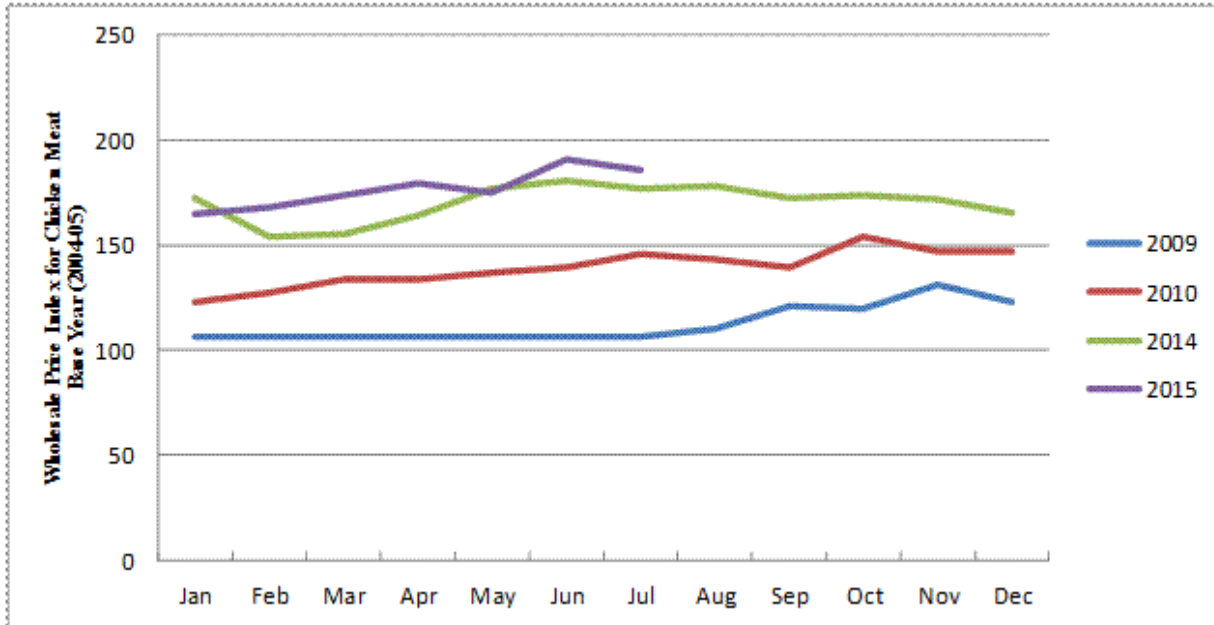
Within the last ten years, many broiler enterprises have vertically integrated their operations (also called integrators), especially in southern and western India (approximately 70 percent of total chicken meat production). According to contacts, approximately 60-70 percent of all operations use the integrator model, while the remaining are smaller backyard operations. Integrators own all the hatcheries, feed mills, and slaughter facilities, and contract with multiple smaller farmers (one integrator may have as many as 20,000 contracted farms) who raise the chicks to slaughter weight primarily in open air sheds; in a few cases integrators may sell chicks or feed without requiring a contract. Contacts note that family farms may have as many as 10,000 birds (30 years ago one farm may have raised no more than 1,000 birds). Some integrators also provide credit, extension services, and veterinary medicine. At the end of the production cycle, the live birds either are purchased by the integrators for slaughter and further processing, or by a middle man/wholesaler, eventually arriving at a live bird wet market for local sale.

Cobb is the most widely raised broiler; according to sources it constitutes at least 65 percent of total broiler market. The grandparent stock for Cobb is owned by only one major enterprise; it sells parent stock to multiple integrators throughout India. According to contacts, the Cobb breed is generally preferred since it can withstand temperature fluctuations (which mean it can be raised in various climates throughout India). Other breeds in India include Ross, Marshall, Hubbard, Hybro Avian, and Anak.

For the last five years, chicken meat prices have slowly risen due to higher feed prices and other costs (see Figure 1 below). According to the Government of India (GOI), from calendar year 2005 to 2014,

the wholesale price index (WPI) for chicken meat had a six percent compound annual growth rate (CAGR).

Figure 1: India: Chicken Meat Prices Rise



Source: Ministry of Commerce and Industry, Government of India

Layer Production

CY 2016 egg production is forecast at 80 billion eggs, up five percent from last year. In order to mitigate rising transportation costs and better maintain quality control, reportedly, poultry companies are establishing more layer farms near highly urbanized areas. Andhra Pradesh, Tamil Nadu, Haryana, and Punjab are major egg producing states; allegedly layer farming is also expanding in Uttar Pradesh, Bihar, and Chhattisgarh due to higher urban demand. According to industry sources, the Babcock layer breed constitutes about 80 percent of the market share; other breeds include Lohman, Bovans, and Hyline.

Poultry Feed

Industry sources estimate CY 2016 feed consumption from 17 to 18 million tons, which includes corn (12 million tons), soybean meal (4 million tons), and pearl millet, broken wheat, and broken rice. For CY 2015, industry expects feed supplies to tighten due to low domestic corn production as a result of poor weather (Please see GAIN report [IN5114](#)); they believe that feed prices constitute more than 70 percent of total production costs.

Avian Influenza Outbreaks

In CY 2015, India reported three HPAI H5N1 outbreaks in the states of Uttar Pradesh, Manipur, and Andhra Pradesh to the OIE (Please see [IN5077](#)). The GOI issued an advisory to all affected states to contain the HPAI outbreak as per the [Action Plan of Animal Husbandry For Preparedness, Control and Containment of Avian Influenza \(2015\)](#), which restricts access to the infected premises and provides standard operating procedures for culling and disposing of birds and infected materials, among other activities. Because the outbreaks were localized, industry sources believe the overall poultry population was not largely affected, although demand allegedly fell for chicken meat for a temporary period in some states. India has had a series of avian influenza outbreaks in 2011, 2012, 2013, and 2014.

Processed Products

Processed chicken meat constitutes maybe five to ten percent of total chicken meat production. Most consumers prefer buying freshly culled chicken meat at live bird markets, or wet markets, which means that birds are culled only after they are sold. Wet market prices are generally a lot lower than processed chicken sold at retail outlets, which command a price premium of at least 30 to 40 percent or more depending on the locality or cut. According to contacts, at a wet market one whole culled bird can be sold between 80 to 150 rupees.

Contacts believe demand for processed chicken meat is growing between 15 to 20 percent per year due to the growing middle class, which reportedly has positively affected sales not only in retail, but quick service restaurants and the hotel, restaurant, and institutional sector. A few major poultry companies have started expanding their slaughtering and processing facilities, and are beginning to offer a wider range of processed chicken meat products for the retail sector like frozen chicken burgers, salamis, nuggets, sausages, and *tikkas*. Chilled chicken meat can even be found in certain high-end retail stores. The biggest challenge for increasing processed product sales and distribution to growing Tier 1 and Tier 2 markets is an underdeveloped and unreliable cold chain.

Consumption

For CY 2016, total chicken meat consumption is forecast at 4.19 million tons, up by approximately eight percent over 2015. India's per capita consumption of poultry meat is estimated at around 3.1 kg per year, which is low compared to the world average of around 17 kg per year. India's per capita consumption of eggs is estimated at about 62 eggs per year. Although no official data is available, sources indicate that Andhra Pradesh, Tamil Nadu, Kerala, Goa, Karnataka, Punjab, and West Bengal are the largest chicken meat consuming states.

With rising middle class incomes, and more international exposure due to travel and quick service restaurant chains, demand continues to rise for chicken meat and processed chicken meat. Many consumers prefer poultry meat over other animal protein due to its relatively lower price; moreover it is the most ubiquitously accepted meat product (different ethnic groups have cultural and religious prohibitions for eating pork, water buffalo meat, and beef). Indian consumers generally enjoy dark chicken meat, including chicken legs, thighs, and drumsticks, which is also preferred for traditional Indian cooking.

According to sources, chicken meat and egg demand can fluctuate due to religious or cultural practices.

For example, during the Hindu festival of *Navaratri* (celebrated between the months of September and October for nine days), chicken meat consumption is avoided, while during festivals and celebrations such as Christmas and New Year's Eve, demand can be higher. Some consumers in northern India do not consume eggs during the summer, believing it causes their bodies to produce more heat.

Trade

India has no quotas for poultry meat imports, but does levy tariffs (Please see Table 1).

India imposes no restrictions for poultry and egg exports, which include table eggs, egg powder, specific pathogen-free (SPF) eggs, and frozen chicken meat to regional markets such as Asia, Africa, and the Middle East. Poultry meat exports are small due to limited slaughtering and processing facilities and an underdeveloped cold chain.

Policy

In 2007, India banned poultry and poultry product imports from the United States in order to prevent the spread of low pathogenic avian influenza (LPAI) or HPAI. On June 4, 2015, the World Trade Organization (WTO) ruled that the Indian ban was inconsistent with its commitments under the Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement). India now is required to revise its import regulations for poultry and poultry products as per the WTO ruling.

The Government of India's Food Safety and Standards Authority of India (FSSAI) regulates domestic poultry slaughter and processing sector through the [Food Safety and Standards Regulations \(FSSR\)](#), 2011. FSSR, 2011 enforces sanitary maintenance and controls at all stages of poultry production, including sanitary standards for slaughterhouses and maximum residue levels (MRLs) for animal drugs; it also requires registration and licenses for poultry processors and other food operators in the poultry value chain. Moreover, the FSSAI regulates imported poultry products and tests poultry and poultry product shipments (For more details on relevant import regulations and standards see [IN4123](#)).

The Department of Animal Husbandry, Dairying, and Fisheries (DAHDF) regulates poultry and poultry product exports to India. In order to import product, the required documentation includes a sanitary import permit issued by DAHDF, and a veterinary certificate certified by an exporting country's competent authority. Indian import certification requirements and documentation for poultry products are available on DAHDF's website (<http://dahd.nic.in/dahd/default.aspx>).

FSSAI recently notified a [Draft Order on Meat and Poultry Products in the Indian Market](#), which is applicable to both domestic and imported poultry products, and is proposed to be in effect from October 1, 2015 (See [IN5086](#)). The draft Order notes that a procedure will be developed to inspect and monitor slaughtering and processing plants before granting market access to third countries; it also requires a third country's competent authority to certify to Indian import requirements. Please see GAIN report [IN5035](#) for more detailed information.

The Ministry of Food Processing Industries (MFPI) provides assistance to establish modern abattoirs and modernize existing abattoirs through a program entitled: [Modernization of Abattoirs](#). MFPI's

program on [Cold Chain, Value Addition and Preservation Infrastructure](#) provides assistance to create integrated cold chain and preservation infrastructure facilities. It covers pre-cooling facilities at production sites, reefer vans, mobile cooling units, as well as value addition centers. India permits 100 percent foreign direct investment in the food processing sector. Only a few multinationals have entered the Indian poultry market to date.

Table 1. India: Import Policy and Tariffs on Poultry and Poultry Products

HS code	Description	Total Import	Import Policy
0105	LIVE POULTRY FOWLS OF THE SPECIES GALLUS DOMESTICUS DUCKS,GEESE,TURKEYS & GUINEA		
01051100	FOWLS OF SPCS GALLUS DOMES WT<= 185 G	36.14	Restd
01059900	OTHER LIVE POULTRY WEIGHING < =185 G	36.14	Restd
0207	MEAT AND EDIBLE OFFAL OF THE POULTRY OF HEADING NO.01.05, FRESH CHILLED OR FROZEN		
	Fowls of Sp Gallus Domesticus		
02071100	MEAT/EDBL OFAL OF FOWLSON THE SPCS GALS DOMESTICUS NOT CUT IN PIECES,FRESH or CHILLED	30.99	Fr SanP
02071200	MEAT/EDBL OFAL OF FOWLSON THE SPCS GALS DOMESTICUS NOT CUT IN PIECES,FROZEN	36.14	Fr SanP
02071300	CUTS AND OFFALS, FRESH OR CHILLED	100.00	Fr SanP
02071400	CUTS AND OFFALS, FROZEN	108.00	Fr SanP
	Of Turkeys		
02072400	MEAT & EDBL OFAL OF TURKYS WHOL FRSH/CHLD	30.90	Fr SanP
02072500	MEAT& EDIBLE OFALS OF TURKEYS WHOLE,FRZN	36.14	Fr SanP
02072600	CUTS AND OFFAL OFTURKEYS FRESH/CHILLED	30.90	Fr SanP
02000	CUTS AND OFFAL OF TURKEYS FROZEN	36.14	Fr SanP
	Of Ducks		
02074100	MEAT & EDBL OFAL OF DUCKS WHOL FRSH/CHLD	30.90	Fr SanP
02074200	MEAT& EDIBLE OFALS OF DUCKS WHOLE,FRZN	36.14	Fr SanP
	Of Geese		
02075100	MEAT & EDBL OFAL OF GEESE WHOL FRSH/CHLD	30.90	Fr SanP
02075200	MEAT& EDIBLE OFALS OF GEESE WHOLE,FRZN	30.90	Fr SanP
0407	BIRDS EGGS,IN SHELL,FRSH PRSVD OR CKD		
	<i>Fertilized Eggs For Incubation</i>		
04071100	BIRDS EGGS IN SHELL FRSH PRSVD & COOKD OF THE SPECIS GALLUS DOMESTICUS	30.90	Restd SanP
04071910	BIRDS EGGS IN SHELL FRSH PRSVD & COOKD OF THE SPECIS DUCKS	30.90	Restd SanP
04071990	OTHER	30.90	Restd SanP
	OTHER FRESH EGGS		
04072100	OF FOWLS OF THE SPECIS GALLUS DOMESTICUS	30.90	Restd SanP
04072900	FRESH EGGS OF OTHER BIRDS	30.90	Restd

