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## **Report Name:** India's Poultry Market - A Snapshot of 2020-21

**Country:** India

**Post:** New Delhi

**Report Category:** Agriculture in the Economy, Agriculture in the News, Agricultural Situation, Grain and Feed, Oilseeds and Products, Poultry and Products, Biotechnology - Plants and Animals

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### **Report Highlights:**

The past two years have been challenging for India's poultry sector. With rumors running rampant linking poultry consumption to contagion with the COVID-19 virus, demand for poultry has been affected, dragging down prices. As consumer confidence with safety of poultry consumption began to recover towards the end of 2020 and into early 2021, the outbreak of avian influenza in February 2021 newly pummeled the poultry sector with steep drops in consumer demand with a concomitant decline in domestic poultry prices. At the same time, poultry feed (soybean meal) prices began rising in January and were 200 percent higher by mid-summer compared to 2020 prices. India's poultry sector, notwithstanding the turbulent 2020-21 years, has been one of the fastest growing segments of Indian agriculture. At a time that agricultural production has been growing at a rate of one-two percent per annum, the production of eggs and broilers has risen by some estimates at eight to ten percent.

## **GENERAL INFORMATION**

The past two years have been rough ones for India's poultry sector. In 2020, like the rest of the world, the COVID-19 pandemic outbreak hit India, with the first reported cases on January 30 in three towns in Kerala (one of India's egg production states). With rumors running rampant linking poultry consumption to contagion with the COVID-19 virus, demand for poultry plummeted, dragging down prices.

As consumer confidence in the safety of poultry consumption began to recover towards the end of 2020 and into early 2021, there was a reported outbreak of avian influenza in February 2021, newly pummeling the poultry sector with steep drops in consumer demand. Poultry prices again tumbled. At the same time, poultry feed (soybean meal) prices soared beginning in January, going up 200 percent by mid-summer compared to 2020's prices.

## **LET'S TALK TURKEY, OR SPEAKING FRANKLY, CHICKEN, IN THIS CASE**

### **PRODUCTION**

India's poultry sector, notwithstanding the turbulent 2020-21 years, has been one of the fastest growing segments of Indian agriculture. At a time that agricultural production has been growing at a rate of about one-two percent per annum during the last decade, the production of eggs and broilers has been rising by some estimates at eight to ten percent yearly. India's Ministry of Commerce and Industry/Agricultural and Processed Food Products Export Development Authority (APEDA) highlights that due to this growth, India has quickly become the world's fifth largest egg producer (accounting for about 6.5 percent of global egg production) and eighteenth largest producer of broilers. Per capita income growth, along with growing urban populations, especially of the middle class, has contributed substantially to driving demand growth.

Egg production has been rising steadily, from around 95 billion eggs produced in 2017/2018 to over 105 billion the following year. Reportedly, egg production surpassed 114 billion eggs in 2019/2020. Poultry meat production has also seen good growth, going from 3.7 million metric tons (MMT) in 2017/2018 to 4.1 MMT the following year, and reaching 4.3 MMT in 2019/2020. Somewhat optimistic projections place egg production reaching 136 billion eggs by 2023, with poultry meat production to total 6.2 MMT that same year.

The emergence of vertically integrated poultry producers has helped to reduced consumer prices by lowering production and marketing costs in the price-sensitive Indian market. Integrated production, along with the market increasingly transitioning from live birds to chilled and frozen products, and policies that ensure supplies of competitively priced corn and soybeans remain critical for the Indian poultry industry's future growth.<sup>1</sup> The 2021 spike in animal feed prices has directly increased the poultry sector's overall production costs, necessitating the precedent-setting approval of imports of soybean meal derived from genetically engineered (GE) soybeans (potentially from the Argentina, Brazil, and the United States among others).

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<sup>1</sup> Some 90 percent of Indian consumers prefer live, fresh chickens for slaughter due to perceived taste and texture preferences. Traditional poultry dressing facilities at the wholesale, and often at the retail level, is completely manual. These lack adequate, hygienic sanitary measures in place on the kill floor and in processing areas. Increasingly health-conscious consumers are willing to spend extra for clean, safe food. Food safety concerns are leading to the development of a market for chilled/frozen poultry products.

There are number of small poultry slaughter plants with basic processing. In addition to these plants, there are five modern integrated poultry processing plants producing dressed chicken, chicken cut parts, and other chicken products. These plants also manufacture egg powder and frozen egg-yolk for export. Poultry meat, with its higher protein and lower fat content, accounts for over a third of India's total meat production.

**Production Locales:** India's largest producer of poultry meat is the state of Haryana followed by the states of West Bengal and Uttar Pradesh. The Indian state of Tamil Nadu is the country's largest egg production locale. In the state of Andhra Pradesh, Hyderabad is the city with greatest number of poultry farms and hatcheries. Besides Andhra Pradesh, the Indian states of Karnataka, Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Kerala, Orissa, and the northeastern states are major egg producers.

**COVID-19's Impact:** The 2020 pandemic outbreak disrupted northern India's poultry sector. The Indian government's ban on the interstate transfer of hens was disruptive to trade. The COVID-19 second wave struck the country in April-May 2021, resulting in state lockdowns, as the poultry sector was recovering from the COVID-19 first wave and the February 2021 avian influenza outbreak. India's hotel-restaurant-institutional (HRI) sector took an especially hard hit; seeing demand for poultry plunge due to enforced closures. The 2021 record spike in soybean meal prices has compounded matters and its effect on poultry production costs.

**Sky-high Soybean Meal Prices:** A critical factor for ensuring the poultry sector's growth is the availability of affordably priced animal feed (including soybean meal). Beginning in early 2021, Indian domestic soybean meal prices rose precipitously, and prices in recent months have rocketed to unprecedented highs.

September 2021 prices for soybean meal average India rupees (INR) 84,000 (\$1,135) per metric ton (MT), 113 percent above the government's minimum support price (MSP) of INR 39,500 (\$531) per metric ton. Earlier in July, soybean meal prices peaked at a record high of INR 100,050 (\$1,350) per metric ton, while averaging INR 92,500 (\$1,243) per metric ton in some markets. Prices quoted are 200 percent above 2020's prevailing prices. Incidentally Indian soybean meal producers earlier in 2021 sought to take advantage of higher-than-normal prices they could get in neighboring and regional markets, exporting larger volumes than usual. This, combined with domestic soybean hoarding, caused shortages in the Indian marketplace. High feed costs are being passed onto Indian consumers in the form of increased domestic poultry prices, often reaching \$3.50 per kilogram.

## CONSUMPTION

Despite challenges, the business-to-consumer demand for poultry remains good. Consumers are looking for additional sources of protein rich foods. Large-scale vegetarianism by most accounts is a myth; studies point to 70 percent of the Indian population being willing to consume accessible, affordably priced poultry meat.

In 2020, India's consumption of poultry meat was over 3.9 million metric tons, still quite limited relative to the overall population size. Demand for protein rich food, combined with improved consumer purchasing power is spurring increased poultry meat consumption.

**Indian Poultry Consumption:** Studies indicate that 70 percent of India's population is protein deficient.<sup>2</sup> Per capita consumption of poultry meat is low. The Indian Council of Medical Research recommends the

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<sup>2</sup> India counts with a population of 1.3 billion growing at 1.04 percent (Central Intelligence Agency, July 2021 estimate). Hindus (79.8 percent) make up the bulk of the country's population; followed by Muslims (14.2 percent), Christian's (2.3 percent), Sikh (1.7 percent), other and unspecified two percent (2011 estimate).

consumption of 10.5 kilograms of poultry meat and 180 eggs per annum. On a per capita basis, annual Indian consumption is deficient, coming in at 3.5 kilograms of poultry meat and 30 eggs. To drive up consumption, bridging the gap between current production and availability, the poultry flock population needs to grow.

**New Means for those Getting Drumsticks into Consumers Hands:** The demand for poultry and processed poultry products has expanded over the past year-and-a-half through the takeoff of e-commerce (electronic commerce) with home delivery as a response to COVID-19 lockdowns and the fear of exposure to the virus by shopping in traditional wet markets or supermarket formats. There has been a shift in consumer preference as to where and how they get their poultry. The online segment is expected to continue to drive broiler consumption in the near- to medium-term, potentially increasing per capita consumption. At the same time, foodservice (i.e., restaurants and fast-food venues) is starting to recover, with expectations of increasing in the last quarter of 2021 and going into early 2022.

**Indian Poultry and Egg Prices:** The current selling price of live broilers is INR 95/kilogram (\$1.30); however, production costs are coming in at INR 100/kg (\$1.35) and undermine already lean margins. Retail prices earlier in 2020 were around INR 200 (\$2.70) per kilogram. Currently, the retail price ranges between INR 250-270 (\$3.35-\$3.60) per kilogram. The retail price egg price currently is roughly INR 5-6 (\$0.07) per egg.

## **POLICY**

India at both the Union (central) and state government levels appears determined to support the domestic poultry sector, and by extension domestic consumers, during the COVID-19 pandemic.

The Indian government's decision to authorize soybean meal imports, largely derived from genetically engineered (GE) soybeans, is bringing a measure of relief to the country's poultry industry. Soybean meal imports, authorized in the amount of up to 1.2 million metric tons (MMT) through January 31, 2022, will help to lower animal feed costs in India, bringing down production costs to more manageable levels with the expectation that savings will be passed onto consumers in the form of lower poultry prices (see, [GAIN-INDIA-IN2021-0096-India – A Thumbs Up for Soybean Meal Imports Possible](#), [GAIN-INDIA-IN2021-0102-India Officially Permits Limited Soybean Meal Imports](#), and [GAIN-INDIA-IN2021-0110 - India Clarifies and Extends its Import Date for Soybean Meal and Soy Cake Derived from Genetically Engineered Soybeans](#)).

## **TRADE**

In 2020/2021, India's APEDA placed poultry meat exports at 256,000 MT, with a value of \$59 million. Major destinations for Indian poultry product exports include Oman, the Maldives, Indonesia, Vietnam, and Russia.

The United States has market access unts for whole chicken and parts. However, high tariffs limit shipments of U.S.-origin chicken meat. In 2020, U.S. shipments of poultry meat and products, combined with egg and egg products, were roughly \$1 million. Currently (through July 2021), shipments of U.S. poultry and products (turkey and duck) at \$500,000 are set to surpass the 2019 (total year) record high of \$600,000.

## **Attachments:**

No Attachments.