

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 12/1/2016

GAIN Report Number: IN6151

India

Post: New Delhi

Poultry and Poultry Products Annual 2016

Report Categories:

Poultry and Products

Approved By:

Mark Wallace

Prepared By:

Vijay Intodia

Report Highlights:

India's broiler production for calendar year (CY) 2017 is projected to increase by approximately seven percent to 4.5 million tons on increasing demand from the growing middle class. The demand for processed chicken meat is projected to grow between 15 to 20 percent per year. Layer production for CY 2017 is forecast at 84 billion eggs, up five percent from last year.

Executive Summary:

India's broiler production in calendar year (CY) 2017 is projected to increase by approximately seven percent to 4.5 million tons on increasing demand from the growing middle class. Though India is mostly a live chicken market, consumption of processed chicken meat is rising between 15 to 20 percent per year. CY 2017 layer production is forecast at 84 billion eggs, up five percent from last year. India's poultry meat exports are minimal due to limited slaughtering and processing facilities and an underdeveloped cold chain.

General Information:

Broiler Production

Calendar year 2017 broiler production is projected at 4.5 million tons, up by approximately seven percent from last year on rising domestic demand for poultry meat. The growth in the broiler segment is expected to remain strong due to consumer preference for chicken meat, increasing income levels, and changing food habits. The live market sales of broiler meat still constitute more than 90 percent of total sales volume as most consumers prefer freshly slaughtered chicken meat; the processed chicken meat segment comprises only seven to ten percent of total production according to industry sources.

More than 80 percent of India's chicken output is produced by organized commercial farms. Major poultry companies have vertically integrated operations which comprise approximately 60-70 percent of the total chicken production. These major companies, also called integrators, own hatcheries, feed mills, and slaughter facilities and may also provide credit, extension services, and veterinary medicine. Integrators contract with multiple smaller farmers who raise the chicks to slaughter weight primarily in open air sheds. The live birds are then either purchased by the integrators for slaughter and further processing or by a wholesaler who distributes them via live markets. Broiler production is mainly concentrated in the states of Tamil Nadu, Andhra Pradesh, Maharashtra, Uttar Pradesh, and Telangana.

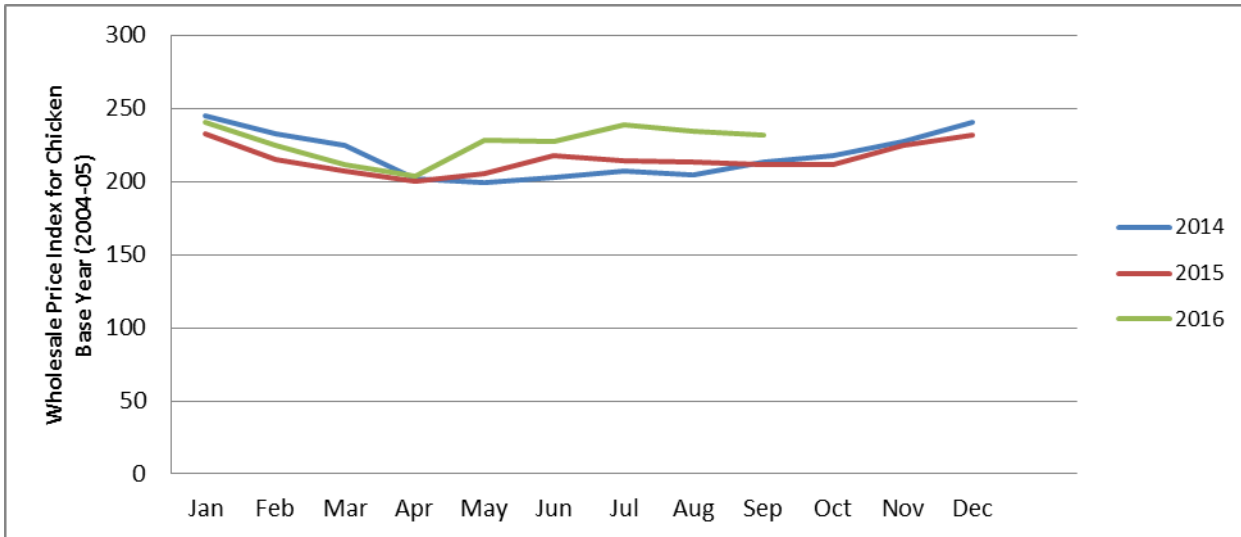
Industry sources indicate that the most preferred broiler breed is *Vencobb* due to its fast growth, feed efficiency, and ability to withstand extremes of temperature and humidity. The *Vencobb* breed reportedly constitutes around 65-70 percent of the broiler market. The grandparent stock for *Vencobb* is owned by one major enterprise which sells parent stock to multiple integrators throughout India. Other popular breeds in India include Ross, Marshall, Hubbard, Hybro Avian, and Anak.

The broilers in India are typically reared for 35-40 days to a market weight of 1.8 to 2.2 kg. The feed conversion ratio for broilers has reportedly improved considerably over the years to 1.65 from 2.2 in the 1990s. The size of the poultry farms varies significantly from small farms with just 200 birds to large farms of more than 50,000 birds. Most of the poultry farms are simple open sheds while only a few large poultry integrators have controlled-environment housing with automatic feeding and drinking systems. High capital costs and unreliable power supplies limit large scale adoption of the controlled-environment poultry barn model in India.

Higher broiler meat prices in CY2016 helped boost broiler output. According to the Government of India (GOI), the wholesale price index (WPI) for chicken meat during CY2016 (January-September)

increased by 18 percent in comparison to the same period last year (see Figure 1 below). The WPI for all food articles in CY2016 reportedly increased by 7 percent during the same period. Supply-demand situations generate significant seasonal fluctuation in broiler prices: prices may rise in summer due to reduced production but decline during certain *Hindu* festivals which proscribe consumption of meat. The major industry players attempt to support prices by reducing chick placements when demand falls.

Figure 1: India: Chicken Meat Prices



Source: Ministry of Commerce and Industry, Government of India

Layer Production

Calendar year 2017 egg production is forecast at 84 billion eggs, up five percent from last year. The layer birds are mainly concentrated in the states of Andhra Pradesh, Tamil Nadu, Maharashtra, and Punjab. Egg production is also expanding in the states of West Bengal, Uttar Pradesh, Bihar, and Chhattisgarh. Most of the layer bird farming is in southern India due to less variation in seasonal climates. The Babcock is the preferred layer breed and constitutes about 80 percent of the market share. Other layer breeds include Lohman, Bovans, and Hyline. The eggs are sold in bulk quantities without branding in most cases. In CY 2016, demand is up and average egg prices in Delhi markets from January-October were \$ 5.53 per 100 unit, an increase of about 19 percent in comparison to the same period last year.

Poultry Feed

Industry sources estimate CY 2017 feed consumption to be from 18 to 19 million tons, which includes corn (13 million tons), soybean meal (4.5 million tons), and pearl millet, broken wheat, and broken rice. India's total production of corn and soybean, the major ingredients of poultry feed, is estimated at 24.5 and 9.7 MMT respectively for MY2016-17, which compares to 21.8 and 7.13 MMT for MY2015-16 (Market year is November to October for corn and October to September for Soybean). (The production of soybean declined significantly in MY2015-16 due to drought conditions). Despite the rebound in production this year, availability of soya and corn for feed is a major challenge for the poultry industry.

Currently imports are not an option to help meet the challenge because India does not permit import of genetically modified soya. Average spot prices at major production centres in India during the month of October 2016 were INR 16,076 (\$234) per MT for corn (Nizamabad, Telangana) and INR 25,936 (\$378) per MT for soymeal (Indore, Madhya Pradesh); these prices are up year on year by 11 percent for corn and declined by 26 percent for soymeal. In fact, according to GOI data, from 2010 to 2015 the soybean and corn prices increased at compound annual rates of 9.8 and 9.1 percent respectively while poultry chicken prices increased by 4.5 percent only. Since feed constitutes more than 70 percent of total poultry production costs, clearly higher costs for feed ingredients make it hard for poultry companies to sustain profits and remain viable.

Avian Influenza Outbreaks

In CY2016, six different avian influenza outbreaks were reported in the states of Tripura, Karnataka, Kerala, Haryana, and Punjab. 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 \(2015\)](#); the action plan restricts access to the infected premises and provides standard operating procedures for culling and disposing of birds and infected materials, among other activities.

However, according to industry sources the outbreaks did not have a major impact on trade since they were confined to a limited area.

Note: India has had avian influenza outbreaks in 2011, 2012, 2013, 2014, and 2015.

Processed Products

India's consumers prefer to buy freshly butchered chicken meat at open or "wet" markets; such purchases constitute more than 90 percent of total poultry sales volume. Although by contrast processed chicken meat constitutes only around seven to ten percent of total chicken sales volume, it is growing between 15 to 20 percent per year due to the growing middle class. This has driven sales not only in retail, but also fast food restaurants as well as the hotel, restaurant, and institutional sector. To meet this increased demand, the major poultry companies have been expanding their slaughtering and processing facilities, and they are offering the retail sector a wider range of processed chicken products such as frozen chicken burgers, salamis, nuggets, sausages, and *tikkas*, a local barbecue product. Chilled and frozen chicken parts are also now available in certain high-end groceries where more affluent consumers are willing to pay the 30 to 40% premium over wet market prices.

Consumption

India's total chicken meat consumption for CY2017 is forecast at 4.49 million metric tons, up by approximately seven percent over 2016. India's per capita consumption of poultry meat is estimated at around 3.6 kg per year, which is low compared to the world average of around 17 kg per year. Two factors currently hold per capita poultry consumption so low: about 25 percent of Indians are vegetarian and even the non-vegetarian population generally eats meat products only once or twice a week. However, with rising middle class incomes, and more international exposure due to travel and expansion of fast food restaurant chains, consumption continues to rise for chicken meat in general and processed chicken meat in particular. No official estimate exists but industry sources believe the strengthening of rural infrastructure and expansion of sales distribution networks are spurring growth in rural consumption of poultry as well.

Chicken consumption in India is highest in the states of Andhra Pradesh, Tamil Nadu, Kerala, Goa, Karnataka, Punjab, Maharashtra and West Bengal. Chicken is the most consumed meat in India: it is cheaper than other meats and is subject to fewer religious prohibitions or cultural taboos. Nevertheless, demand for poultry also is affected by religious observance or social practices. For example, chicken meat consumption is avoided during certain *Hindu* festivals like *Navaratri*, which is celebrated for nine days during the months of September/October. Consumption also drops during bird flu outbreaks. And during the high heat of summer, some consumers avoid eggs in the belief they tend to produce heat in the body. By contrast, consumption rises during festivals and celebrations such as Christmas and New Year's Eve. Indian consumers in general enjoy dark chicken meat, including chicken legs, thighs, and drumsticks, which are the preferred choices for traditional Indian cooking as well.

Egg consumption is also rising due to its affordability and growing consumer preferences for nutritional diets. A lot of consumers also enjoy eating various egg-based preparations bought from street vendors in cities as well as smaller towns. Changes in egg consumption are driven both by poultry industry campaigns to promote egg consumption and by state governments: public schools have added eggs to their lunch menus to boost nutrition for children.

Trade

India's minimal poultry imports include prepared or preserved turkey mainly from EU countries and Thailand. The tariffs applied are 30 percent basic tariff on imports of most poultry products, but 100 percent for cuts and offal of fowl species *Gallus domesticus* (Please see Table 1). India exports small quantities of frozen whole chicken and cuts to neighboring countries in South Asia, the Middle East and Southeast Asia. Poultry meat exports are limited by inadequate slaughtering and processing facilities, inadequate cold chains, and periodic avian influenza outbreaks. The poultry products for export also include table eggs, egg powder and other egg products. India exported 647 million eggs, a value of \$51.1 million, (in shell fresh, preserved or cooked under HS code 0407) in CY2015 to neighboring countries in South Asia, the Middle East and Africa. Export of eggs not in shell /egg yolks (under HS code 0408) in CY2015 was 12,247 tons, equivalent to \$53.3 million, mainly to Germany, Japan, the Middle East and Southeast Asia.

Policy

The Government of India's Food Safety and Standards Authority of India (FSSAI) regulates the domestic poultry slaughter and processing sector through the [Food Safety and Standards Regulations](#) (FSSR 2011). FSSR 2011 enforces sanitary standards 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. The FSSAI also regulates imported poultry products and tests imported poultry product shipments (For more details on relevant import regulations and standards see [IN4123](#)).

In 2015, FSSAI notified a [Draft Order on Meat and Poultry Products in the Indian Market](#), applicable to both domestic and imported poultry products. The draft order noted that a procedure will be developed to inspect and monitor slaughtering and processing plants before granting market access to exporting countries; it also requires an exporting country's competent authority to certify to Indian import

requirements. However, to date FSSAI has not notified a final order to revise any existing regulation.

Regarding procedures for imports, the Department of Animal Husbandry, Dairying, and Fisheries (DAHDF) has authority. 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. Since 2007 India has prohibited poultry and poultry product imports from all countries reporting Highly Pathogenic Avian Influenza (HPAI) and Low Pathogenic Avian Influenza (LPAI), either currently or during an unspecified period in the past. In 2012, the United States filed a Dispute Settlement case at the WTO against this import restriction. On June 19, 2015, the WTO Dispute Settlement Body (DSB) ruled in favor of the United States and required India to modify its import requirements for poultry and poultry products. Subsequently, on July 26, 2016, Government of India (GOI) notified requirements for poultry and poultry product imports from countries reporting an outbreak of Highly Pathogenic Avian Influenza or Low Pathogenic Avian Influenza to the WTO (Please see [IN6105](#)). On September 21, 2016 GOI further notified to the WTO amendments to the requirements for poultry and poultry product imports from countries reporting avian influenza (Please see [IN6122](#)).

Regarding poultry processing standards, the Ministry of Food Processing Industries (MFPI) provides assistance to establish modern abattoirs and to modernize existing abattoirs through a program entitled: [Modernization of Abattoirs](#). MFPI's program on [Cold Chain, Value Addition and Cold Storage Infrastructure](#) provides assistance to create integrated cold chain and cold storage facilities. It covers pre-cooling facilities at production sites, reefer vans, mobile cooling units, as well as service centers. India permits 100 percent foreign direct investment in the food processing sector.

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 FOWLSOF THE SPCS GALS DOMESTICUS NOT CUT IN PIECES,FRESH or CHILLED	30.99	Fr SanP**
02071200	MEAT/EDBL OFAL OF FOWLSOF 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 SanP
408	BIRDS EGGS,NOT IN SHELL & EGG YOLKS FRSH DRED,COOKD BY STMNG OR BY BLNG IN WTR MOULDED,FRZN OR OTHRWSE PRESERVED		
4081100	DRIED	36.14	Fr SanP
4081900	OTHER EGG YOLKS NOT DRIED	36.14	Fr SanP

Source: Directorate General of Foreign Trade, India

* Restd: Restricted

**Fr SanP: Free Sanitary Permit

***Restd SanP: Restricted Sanitary Permit

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Market Begin Year	2015		2016		2017	
	Jan 2015		Jan 2016		Jan 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	3900	3900	4200	4200	4500	4500
Total Imports	0	0	0	0	0	0
Total Supply	3900	3900	4200	4200	4500	4500
Total Exports	8	8	6	6	5	5
Human Consumption	3892	3892	4194	4194	4495	4495
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	3892	3892	4194	4194	4495	4495
Total Use	3900	3900	4200	4200	4500	4500
Ending Stocks	0	0	0	0	0	0
Total Distribution	3900	3900	4200	4200	4500	4500
(MIL HEAD) ,(1000 MT)						