

3

Poultry

Introduction

Egg processing industry in India took its birth in 1996 with establishment of first processing plant at Hyderabad and after that five more egg processing plants have come up. The total investment in these projects is to the tune of approximately Rs. 150 crores with a capacity of producing more than 15000 tonnes of egg powder annually.

Most of these plants are meeting the international standards of hygiene, sanitation and phytosanitary at par with EU and USDA standards. The first year of operation (1996-97) showed a very promising performance for these processing plants and the products were well accepted in European and Japanese market, quality and price wise. However, the conditions suddenly changed from June '97 onwards and currently the egg processing industry is facing a severe crisis as the sales have come down and the stock levels have increased in the processing plants.

The Indian poultry industry is growing. As the country progresses and people become prosperous, they change their food habits and eat more eggs and meat. This phenomenon is seen throughout the world.

India is a country of contrasts. There are various religious beliefs and many people are against eating eggs and meat. There are certain religions, which prohibit particular

Indian poultry industry has the inherent potential to become the world- leader.

It is being estimated that this industry can possibly bring in Rs. 2000 million in foreign exchange in the next five years.

meats. Beef is taboo for Hindus as pork is for Muslims. In Himalayan states, fish is prohibited but buffalo meat is accepted. In spite of these contrasts, consumption of eggs and meat is on the increase.

The credit for poultry as a business in organized sector goes to Mr. Vyankatesha Rao – rightly called Father of Indian Poultry Industry. During the last ten years, poultry industry has made immense progress leading to an increased egg production of 7% per annum and poultry meat production of 11% per annum.

Indian poultry industry has the inherent potential to become the world- leader. A survey to study the prices of eggs and prices of poultry feed in 45 countries points out that eggs are cheapest in India, even though feed costs are not cheapest.

The strong position that the poultry is in today can be understood from the following **facts and figures**:

- India is the fifth largest producer of eggs in the world. It employed about 5 lakh people four years back. Today, the figure must be around 12 lakhs.
- Egg production is growing by 4-6% every year whereas broiler production is growing by 8-10%.
- It is being estimated that this industry can possibly bring in Rs. 2000 million in foreign exchange in the next five years.

Poultry has a great role to play in employing huge number of people. If there is to be a unit increase in per capita consumption of eggs, then it will create 25,000 new jobs.

The Projected demand for eggs and meat in the country given in **Annexure 16**.

HIG implies High-income growth of 5.5% per capita GDP

World Scenario

World poultry industry is expanding, as the population is increasing. Per capita consumption is also increasing. Not only that, many countries which are not traditionally poultry - growers are giving incentives to their poultry industry. Indian Government is promoting this industry by giving incentives to small poultry farmers as well as poultry industry in organized sector as a whole. India exports 24 million tonnes of soyabean cake to Europe, which is the main ingredient of poultry feed.

Poultry industry in developed countries is going from one crisis to another. First there was fear of Salmonella and cholesterol. Then there were out-breaks of diseases. Millions of chickens had to be burnt due to scare of diseases. Hongkong and Taiwan poultry industry has recently faced this problem. Belgium poultry industry faced a different type of crisis. Their feed was contaminated. Consumers all over the world are demanding quality products at cheaper prices. Particularly in developed countries. As such, poultry industry is facing problems of falling profit margins.

Many countries are exporting eggs at prices lower than production costs. Poultry industry with high investments in these countries is under threat of extinction. Many countries have saved their poultry industry with a ban on imports. In the global poultry market, Indian eggs are

World poultry industry is expanding, as the population is increasing. Per capita consumption is also increasing.

cheapest. 50 cents a kg. At the other end, eggs are costliest in Argentina with price of 145 cents per kg. The prices of eggs in different countries are as follows. U.S.A. -80 cents, France - 102 cents, Holland - 86 cents, Japan - 127 cents, New Zealand - 136 cents, Taiwan - 108 cents, Great Britain-102 cents. In near by Sri Lanka - 58 cents, Bangladesh - 117 cents and Pakistan - 87 cents.

Poultry Meat

Most of the broiler farms have weekly output of 15000 to 20000 birds. At present India ranks 21st in the world with regard to world poultry meat. In 1995 poultry meat reached 0.5 million metric tonnes & it increased to 0.87 million metric tonnes in 2000. The growth rate is 11% per annum.

Poultry Feed Industry

The feed cost for producing one kilo of eggs is lowest in Zimbabwe, it is 18 cents. Feed costs are highest i.e. 45 cents in Philippines. **In India the figure is 44 cents.** In U.S.A. it is 15-50 cents. The costs in other countries are as follows Pakistan 25 cents, Sri Lanka 24 cents, France 25 cents and Great Britain 27 cents.

We can reduce the cost of feed. India is gifted with natural sunshine, cultivable land and sufficient rains. And there are millions of unemployed. Even by providing water to thirsty lands, we can make poultry feed that can be sufficient for the world poultry. Even by controlling post harvest losses of food grains, we will be able to feed world poultry and world dairy.

France, Holland and Britain have kept feed prices unnaturally high and taken protective measures by restricting imports. And they have kept egg- prices at lower levels. Chinese poultry industry is the largest in the world. Egg prices are 94 cent a kilo and feed cost is 27 cents in China.

The progress of poultry industry depends on feed industry. India is in a lucky position as regards agro-climatic conditions, availability of land and irrigation. India can produce feed to meet domestic demand as well as for exports. As of today, India exports millions of tonnes of soyameal cake to Europe where it is converted to feed. Feed costs represent about 70% of the total production cost.

Modernization

The Indian poultry industry is now ready for globalization if level-playing ground is available. Due to liberalization, it is easier to get modern technology. Most of the world famous breeds are available in the country yet there are few, which have not yet come to India.

In many poultry farms, production is still a backyard operation. Given the increasing popularity of organic food in western world, we should encash this point. In the developed countries, poultry farmers are facing problems from green people who are worried about environment. The other groups are insisting on larger space in cages. The business has become competitive. Their expenses are increasing, but customers want quality products at cheaper rates. India with abundant land, technical people, irrigation systems can offer the best place for world's poultry industry.

The progress of poultry industry depends on feed industry.

India with abundant land, technical people, irrigation systems can offer the best place for world's poultry industry.

Because of good soil, irrigation facilities, trained personnel, India has the potential to become production base for export oriented poultry.

Sometime back, World Poultry, an international trade magazine of poultry industry has surveyed poultry in various countries. It is noted that India is the country where eggs are cheapest in the world.

Opportunities

Government of India has noted that poultry farming offers good business opportunity and self-employment. Suitable schemes are under implementation in rural areas.

Because of good soil, irrigation facilities, trained personnel, India has the potential to become production base for export oriented poultry.

There are many opportunities in processing. There are very few players who are operating in processing field. Whereas in developed countries most of the eggs and meat are sold as processed and canned, in India, most of the broilers are still sold through small shops, where they are slaughtered manually.

Production techniques for layers and broilers have reached even rural areas of Maharashtra but many poultry farmers face marketing problems. It is necessary that low cost technologies are introduced for safe storage and processing of eggs and meat.

At present, India exports eggs and meat to gulf countries. These exports are negligible. Indian meat is preferred because it is lean. It contains less fat. India has the potential skills, talents and resources to feed eggs and meat to the world.

India ranks fifth in the world with an annual egg production of 1.61 million tonnes. Both poultry and egg processing units have come up in a very big way in the country. India is exporting egg powder, frozen egg yolk and albumin powder to Europe, Japan and other countries. Poultry exports are mostly to Maldives and Oman. Indian poultry meat products have good markets in Japan, Malaysia, Indonesia and Singapore. While meat products registered a growth of 10 percent, eggs and broilers registered 16-20 percent growth.

Poultry processing is still in its infancy. There are only seven modern integrated poultry processing plants. However, there are a good number of small poultry processing units engaged in production of poultry meat products. There are five egg processing units engaged in exporting egg products.

There are 115 layer and 280 broiler hatcheries producing 1.3 million layer parents and 280 million broiler parents. They in turn supply 95 million hybrid layer and 275 million broilers, day-old chick. Presently there are only five egg powder plants in India which is considered insufficient in view of growing export demand for different kind of powder-whole egg, yolk and albumen. The scope of foreign investment and state-of-the-art technology in this field is therefore tremendous.

Over the past 30 years egg production has shown an average annual growth rate of 16% while that of broilers is even higher at 27% per annum.

India is exporting egg powder, frozen egg yolk and albumin powder to Europe, Japan and other countries.

Over the past 30 years egg production has shown an average annual growth rate of 16% while that of broilers is even higher at 27% per annum.

Major Markets

Major markets for poultry products are Bangladesh, Oman, UAE, Japan, Saudi Arabia.

Egg

The export of egg products in terms of quantity and value for the past three years is given in **Annexure 16 (c)**.

The major destinations for export of egg powder and frozen eggs are as under :

Egg powder	Japan (16%), Poland (14.5%), UAE (8.9%) Belgium (5.54%)
Frozen Eggs	UAE (83%), Oman (5.9%), Kuwait (3.9%)

Major markets for poultry products are Bangladesh, Oman, UAE, Japan, Saudi Arabia.

Problems Faced By Egg Processing Industry

There have been several reasons which have led to this crisis:

International prices of the egg powder have come down heavily. Dumping of egg powder by American and other countries in the European market which is supported by heavy dose of subsidies. Artificial barriers in the name of quality like pesticide residue and antibiotic residue created by the buying countries. Till date, the situation has not improved and there are no further signs of improvement in future.

In the past the industry has sought Government support in respect of the following issues :

Sea freight subsidy for export of egg products.

Facilities for testing of pesticides residues etc.

Removal of restitution charges.

Assistance for sales promotion.

Farmers and forced many of them to close down due to heavy losses. In order to stall the possibility of deepening of the current crisis, a series of steps need to be undertaken on both short-term and long-term policies, primarily under the frame work of planned economic development of the country. In the short run, concerted and systematic approach will have to be adopted for bringing about substantial reduction in the cost of feed. A report prepared by Mckinsey shows that the Indian poultry can become internationally competitive if it succeeds in reducing the costs of feed which account for 60 to 70 percent of the cost of production. The report further indicates that the cost of poultry can be halved if costs of feed are lowered to international standards. As the maize costs are key for the growth of the Indian poultry market, the report has suggested that the poultry players may integrate into feed and maize seed production.

Infrastructure Facilities

The egg processing plants are well equipped and meet the international requirement for exports. In recent past poultry slaughtering facilities have been set-up by few companies in Karnataka, Maharashtra and Andhra Pradesh. Mechanised washing, grading and packing facilities for table eggs is required to be set-up in major production areas. Since Andhara Pradesh, Tamil Nadu and Maharashtra are

Report prepared by Mckinsey shows that the Indian poultry can become internationally competitive if it succeeds in reducing the costs of feed which account for 60 to 70 percent of the cost of production.

the three major poultry producing states, APEDA has proposed to set up mechanised washing, grading and packaging facilities in these states For the purpose, APEDA is getting the feasibility study conducted to identify the parameters like location, capacities, project cost etc. for setting up of such facilities. While the study in Andhara Pradesh has been completed, the study is yet to be taken up in Tamil Nadu and Maharashtra. We are in contact with these two State Governments to have the study conducted.