



भारतीय कृषि एवं खाद्य परिषद्
INDIAN COUNCIL OF FOOD AND AGRICULTURE

INDIAN POULTRY MARKET OVERVIEW





Indian Poultry Market Overview

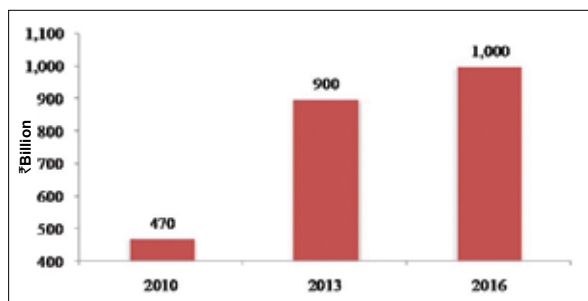
Poultry is one of the fastest growing sectors in the Indian agricultural industry. The poultry sector in India has experienced significant change in structure and operation in the recent two decades changing from a mere courtyard activity to a significant viable activity with presence of big players with effective execution of poultry cultivating on a vast scale. Poultry processing, though still in nascent stage, continues to record double digit growth driven by promising socio economic factors and increasing penetration of QSR chains. India is the second largest egg and third largest broiler-chicken producer in the world. However, India remains pre dominantly a live bird market with more than 90% of broiler sales being done at customary retail channels given consumer inclination for freshly cut broiler.

INDIAN POULTRY MARKET BY VALUE

The Indian poultry market witnessed an increasing trend over the past five years, growing at a CAGR of 11.39% during 2010-2016. At present, urban markets account for about 80% of demand, but according to the recent estimates, rural demand will rise significantly, due to lower chicken prices, improving prosperity and changing lifestyles, helping the sector post at least 8-10% expansion annually.

The current fiscal year 2016 started strongly for the poultry market with high realizations during Q1FY2016,

INDIAN POULTRY MARKET BY VALUE



Source: Company Reports

though realizations moderated in Q2 and Q3, while feed prices continued to remain high.

The Indian poultry market is largely concentrated in Andhra Pradesh, Tamil Nadu and Telangana.

The major challenges faced by the market, other than high feed costs, include transportation infrastructure and inadequate cold chain along with high vulnerability to disease outbreaks and highly volatile realizations affecting cash flows.

India continued to report erratic instances of 'bird flu' epidemics in 2015 including in certain parts of Kerala, UP, Manipur, Chandigarh and Telangana, which had peripheral impact on poultry prices and supply for short duration in and around the affected areas. Given better consumer awareness and fast action by authorities to control the spread of infection, overall impact of such regional outbreaks has been





limited to the poultry market, though any large scale out break can have much varied effects.

Poultry integrators have partial control over feed prices and broiler realizations; and they continue to focus on improving production through better Feed Conversion Ratio (FCR) by testing with feed mixes, lower mortality rates through superior farm management, and constant efforts to improve other parameters like hatchability, average daily weight gain, reducing selection gap, etc.

While the industry had conventionally focused primarily on productivity advancement, it is currently also moving towards enhancing circulation infrastructure, swelling value additions and exercising better control over its supply network. Long-term solution to reduce volatility in realizations and enable better distribution across the country, along with developing exports markets, lies in moving towards processed chicken market from existing wet market orientation of consumers.

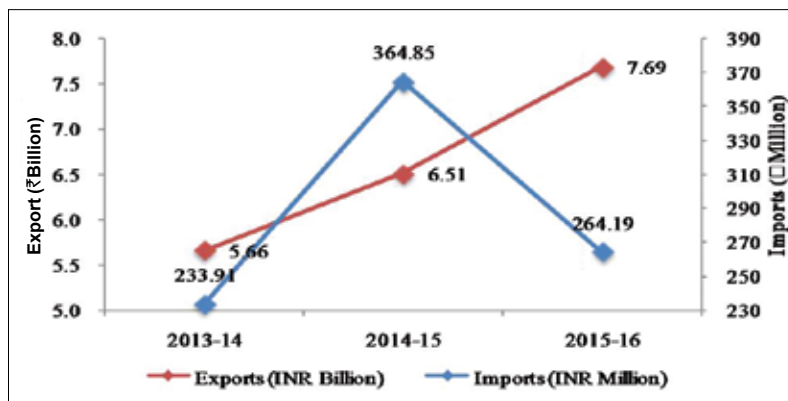
The trade analysis of the poultry products of India depicts that the country has very negligible presence in the international trade. Although, exports have been increasing over the years, imports were not stable during 2013-2015.

With reduced risk from imports flooding the markets and improving demand for poultry products is encouraging the domestic players to expand their production and provide with more variety of products.

INDIAN EGG PRODUCTION MARKET ANALYSIS

In 2017 egg production is forecasted at 84 billion eggs, up 5% from estimations of 2016. 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

INDIAN POULTRY MARKET EXPORT AND IMPORT



Source: APEDA Statistics

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% of the market share.

Other layer breeds include Lohman, Bovans, and Hyline. The eggs are sold in bulk quantities without branding in most cases.

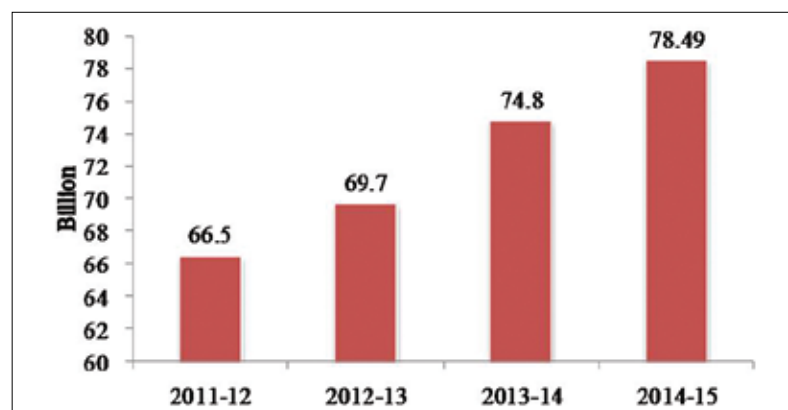
INDIAN EGG PRODUCTION BY VOLUME

The egg production in India increased to 78.49 billion in 2014 from 66.50 billion in 2011, increasing at a CAGR of 5.68%. The domestic demand for the eggs is expected to drive the market in the long term as 4%-5% increase in demand, annually for eggs is expected.

The market value of egg market in



INDIAN POULTRY EGG PRODUCTION



Source: Pocket Book of Agriculture Statistics 2015



2015 was estimated to be INR255 billion. The low cost of egg production, high productivity, rise in egg consumption in the north owing to growing per capita income of a young and increasingly urban population and emerging export markets are certain key growth drivers of egg production in India. Some of the key challenges faced by the egg market in India include, High tariff, hygiene, price range of animal feed and outbreak of diseases.

However, the government should support the egg industry as it is environmentally viable and has a very low carbon footprint and eggs have the added benefit of being a more affordable and nutritional food option for consumers.

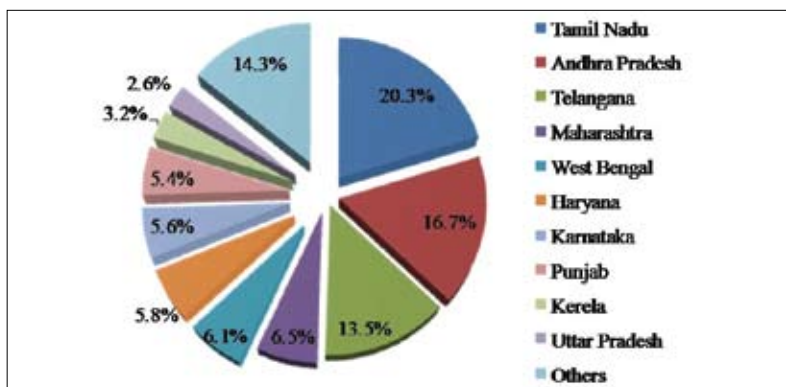
INDIAN EGG PRODUCTION BY STATES / UNION TERRITORIES

The egg production in India is largely dominated by Tamil Nadu, Andhra Pradesh, Telangana, Maharashtra and West Bengal. Tamil Nadu had the highest share with 20.3%, producing 15.93 billion eggs in 2014 followed by Andhra Pradesh producing 13.1 billion eggs in the aforementioned year. Telangana also had a significant share in the production of eggs with 10.62 billion eggs. Maharashtra, West Bengal, Karnataka and Punjab are also leading egg-producing states with less than 10% share in the total eggs produced.

INDIAN POULTRY MEAT PRODUCTION AND CONSUMPTION ANALYSIS

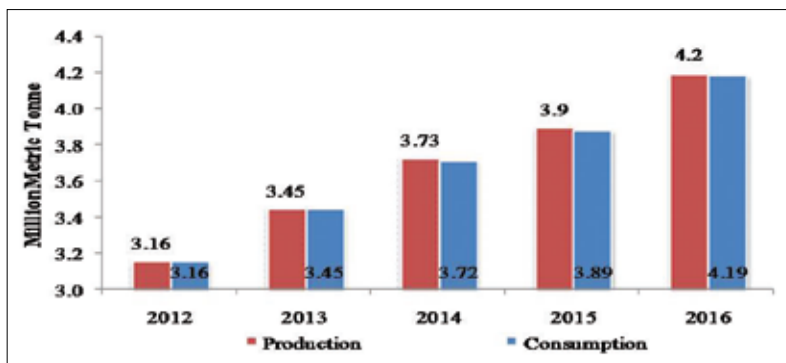
In India, the production and consumption of broiler meat have been almost equal over the years. India's per capita consumption of poultry meat is estimated at around 3.1 kg per year, which is low compared to the world average of around 17 kg per year. Chicken is the preferred meat in India due to its lower price than other meat sources, and is not subjected to the same re-

INDIAN EGG PRODUCTION BY STATES/UT



Source: MOSPI

INDIAN POTATO MARKER EXPORTS



Source: USDA Livestock and Poultry: World Markets and Trade 2016

ligious restrictions as other meats. The demand can fluctuate due to religious and cultural practices though, as chicken and eggs may be eaten less at different times of the year.

Processed chicken meat constitutes about 5%-10% of total chicken meat production, but according to the estimates demand for processed chicken meat is growing between 15% - 20% per year, as the middle class grows. However, Chicken prices have slowly risen in the last few years due to increased feed prices and other costs.

Although, poultry meat exports are small due to limited slaughtering and processing facilities and an underdeveloped cold chain.

Thus, robust growth in the poultry output, coupled with future growth potential and favorable socio-economic factors over the last decade makes India one of the fastest growing world mar-

kets in this segment. India's transition from a predominantly live bird market to a chilled/frozen market is expected to be crucial for the increased presence in international trade, where India currently has minimal presence. The need for developing efficient distribution system with large investments in cold chain infrastructure, and increasing the market acceptability of frozen chicken are going to be the key industry drivers in the long-term. Other factors such as the increased requirement for upgraded infrastructure will also play a key role in determining India's continued presence in the global poultry market. The industry has traditionally focused primarily on productivity improvement, but current market needs suggest increased importance of enhancing distribution infrastructure, value additions and exercising better control over its supply chain. ■



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