

Update: Impact of Covid-19 on India's Poultry sector

India is one of the world's largest producers of eggs and chicken. As described in our previous [Covid19 article](#), the sector has taken a beating following misinformation about chicken being a source of Covid19. The Government of India has announced a package to develop the sector, providing opportunities for Dutch involvement.



India's poultry sector: big, growing and increasingly organized

India is the third-largest egg producer in the world (after China and the US) and the fourth-largest chicken producer in the world (after China, Brazil and the US). In India, the per capita consumption of eggs has gone up from 30 eggs per annum to 68 eggs per annum in the last five years. In the same period, consumption of chicken increased from 400 grams per annum to 2.5 kg per annum. The adult population in most developed countries consumes over 240 eggs and 20 kg of chicken per annum. Human nutritionists recommend a minimum of 180 eggs and 10 kg chicken per annum, which means that the Indian poultry market is laden with opportunities for growth.

Poultry is the most organised livestock sector in India, worth €14.5 billion. Almost every farmer (mostly small) has been integrated along the value chain. Production of broiler meat was 4.2 million tons per annum in 2015-16. Demand for processed chicken meat has been growing by 15-20% per annum. Total layer production in India has gone up to reach 80 million eggs per annum. In 2016-17, feed consumption was 18 million tons, which includes corn and soya bean and pearl millet.

Eggs and chicken were classified as "agriculture products" a few years ago, but are considered as "food items" today. This is one of the signs that safe food has become a priority. Besides maintaining production efficiency, the producer has to concentrate on the nutritive values, adulterants and contaminants of his or her produce. The central Ministry of Food Processing Industries (MoFPI) and food inspection authorities at the local levels have started keeping track of eggs and chicken production in India for quality and nutrients.

Producing for the domestic market

Poultry production has three segments: Layers, broilers, and backyard or family production (both eggs and chicken). Some 70% of the layer birds are being raised in the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra in the south and Haryana in the north of India. Feed (65%) and chicks (25%) account for 90% of the broiler inputs and consolidation is being observed in the market. Smaller producers increasingly engage in 'contract farming'.

At one time, 30% of the eggs produced in India were produced in backyards. Improved varieties of 'Low technology input birds', which are dual purpose, i.e., producing eggs and meat, are now being bred in India for the purpose of backyard/family production. The final food products, i.e., eggs and chicken are not exported in huge quantities as there is a huge gap in supply and demand within India. Between the start of the 21st century and 2050, the consumption of protein from animal sources in India is expected to increase by 94%.



Poultry production in India largely takes place in cage systems. During Poultry India 2019, the NBSO and Embassy invited experts to talk about housing systems and animal welfare. Attendants indicated that different housing systems require investments and training, which can be difficult to earn back in the current market.

Impact of Covid-19: rolling back after a hard blow

The recent Covid-19 lockdown has impacted the domestic poultry industry severely, being the worst quarter in recent time. The industry incurred large net losses due to sharp decline in demand, realization and profitability. The spread of misinformation about poultry being a source of Covid-19 on social media heavily impacted consumption. The government countered the misinformation, but the losses between January and March 2020 amount to USD 236 million. Sales of poultry meat went down with a staggering 80 percent, and prices for poultry meat were halved. Over a million small poultry farmers and over half a million persons working in the sector have become unemployed. This also impacted feed producers as poultry farmers cancelled orders, some farmers even burying their chickens alive. The sector provides a direct benefit to more than 10 million maize and soya agriculture farmers. Poultry farming offers direct and indirect employment to over 50 million in poultry production, trading, feed manufacturing, agriculture crops, logistics, exports and others.

During this adverse period, the government and industry came together to discuss consumer awareness, and improving consumption to again gain the consumer confidence. The poultry industry recovered a bit following the clarification issued by Government, media and poultry professionals that eating chicken was safe. Still, issues relating to the inter-state movement of eggs and chickens in various parts of the country hurt the sector. Currently, the consumer fear linking chicken with Covid-19 is much lower. The main challenge for the past weeks has been logistics and keeping the shops open for the consumer. Presently, the logistics issue has been addressed in at least 60% of the country.

The poultry sector is predicted to roll back by the end of this year, although capital for new investments may remain limited for some time. The Poultry Federation of India has asked the government for support such as rescheduling of loans, promotion of frozen/cold chicken meat, cold storage, feed subsidies, and introduction of eggs in mid-day meal schemes. All in all, \$2.7 billion in loans is needed. The sector has also requested government support to set up a Poultry Board. The government has not responded to these specific requests. Demand has increased recently and prices are currently good due to shortage in supplies. In the near future, the sector is expected to focus more on online retail, hygienic, high quality food, traceability and labelling. Meanwhile, India's biggest poultry event "Poultry India" has been cancelled for 2020; the next edition will take place on 24-26 November 2021. In the meantime, the next event will be VIV Asia 2021, scheduled for 10-12 March in Thailand. The agricultural office in Thailand (ban-lnv@minbuza.nl) is in close contact with the organizers to discuss the possibilities for a virtual, hybrid or physical (if safe) visit.

Infrastructure Fund for Dairy, Poultry and Meat

Few industries offer as much scope for rural entrepreneurship with relatively low investment and short gestation periods as poultry. The present adversity can therefore be viewed as an opportunity to create new and expand existing markets. It may therefore not come as a surprise that the Government of India recently announced a new USD 2.1 billion infrastructure fund to provide interest subvention of up to 3 per cent to private players for setting up of dairy, poultry and meat processing units. This fund will be used to increase production, boost exports and create jobs.

This leads to the following opportunities for Dutch companies and organizations in the poultry sector:

- Cold chains and Refrigerated Transport
- Skilling and Training
- Supply of Feed additives and pre-mixes (perhaps even insect feed, as suggested in the Omnivore Vision 2030)
- Supply Processing Machinery
- New technologies for maintaining the farms using AI and IOT
- Traceability using Block Chain technology

The Netherlands Business Support Office, Embassy, Topsector Agri & Food and RVO are meanwhile exploring opportunities to work with India on reducing antimicrobial residues in the poultry chain.

More information

NBSO Hyderabad has excellent contacts with the main stakeholders and industry organizations in India.

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You are also welcome to contact the Embassy Agricultural Department: NDE-LNV@minbuza.nl.

Also see:

<https://www.agroberichtenbuitenland.nl/actueel/nieuws/2017/10/27/kansen-in-india-voor-nederlandse-pluimveesector;>