

India's Poultry Sector

Why in news?

Despite the rapid improvement of India's poultry sector, there is a need for actions from the government and the industry.

What is the status of India's poultry sector?

- In six years ending 2020-21, the livestock sector registered a 8% CAGR.
- Specifically, in the poultry sector, egg production grew by 7.6% CAGR during the same period, taking production to over 120 billion.
- This fast growing poultry sector is projected to grow in the next five years at a CAGR of over 8 per cent to reach \$35 billion.
- This growth will be driven by demographics, evolving food habits and rising urban incomes. With growth, the poultry industry is getting more and more organised.
- The Indian market is expected to mirror the developments in the world market where a gradual shift towards white meat is seen.

According to OECD-FAO, consumers in middle/lower income countries are attracted to poultry due to lower prices, product consistency and adaptability as well as higher protein/lower fat content.

What is the feed challenge?

- The rapidly growing poultry sector is forced to function under a legacy ecosystem that needs to be disrupted to ensure sustainable growth of the sector.
- Stakeholders in the feed market face several challenges, the most important of which is the uncertainty of **feed availability, affordability and access**.
- As feed constitutes a significant part of the overall production cost, higher feed prices impact production costs which in turn negatively impact demand because of the price sensitivity of consumers.
- In the last two years, the country's poultry industry had to contend with unprecedented rise in the price of key feed material, maize and soymeal.
- The role of poultry comes into sharper focus when seen in the context of the country's serious nutrition challenge.
- Poultry meat and eggs are loaded with protein that helps advance our nutrition security.
- So, this industry deserves support and protection primarily from unsteady availability of feed and undue price volatility in feed.
- To ensure adequate feed supply at economical rates, supplies have to be augmented which can be achieved by tweaking the trade policy.

What could the government do?

- **Import of Soybean** - India imports annually well over 3 million tonnes of soybean oil which is equivalent to about 20 million tonnes of soybean.
- As partial replacement for soyoil we can import the basic raw material soybean itself.

Soyoil is a semi-finished product intended for human consumption after refining.

- Import of soybean will deliver multiple economic benefits including utilisation of idle processing capacity in the solvent extraction even while augmenting oil availability for consumer and feed availability for poultry.
- There is no additional import but only partial replacement with raw material. It will lead to a win-win situation for stakeholders.
- The poultry industry must be allowed to import soybean or soymeal if need be under 'actual user' condition.

In 2021, the government took a bold and progressive decision to allow 1.2 million tonnes of soymeal import to help augment feed availability.

- **Import of DDG** - Dried Distillers Grain (DDG) is the residue grain that remains after extraction of ethanol from corn/maize.
- Import of DDG should be allowed too. This key feed material will help the poultry industry and insulate it from undue price volatility in maize.
- The poultry industry needs a liberal foreign trade policy to access feed material. so, it is necessary for the government to act. At the same time, the industry must act too.

What could the industry do?

- Industry must plan for assured and captive availability of soy and corn which can be ensured by establishing backward linkages.
- Contract farming, especially **partnering with the Farmer Producer Organisations (FPOs)** will help achieve scale economies.
- The industry must recognize that commodity price volatility cannot be wished away; but it can be managed.
- So, the industry players must manage their price risk by using the exchange-traded derivative contracts which is a time-tested and scientific way to protect built-in profit margins.
- **'Delivery based forward contracts'** can also be considered.
- The poultry industry must also **build commercial intelligence and research capability** to track the feed market dynamics and drivers, both domestic and global.

A strong government-industry-research interface is called for to bring global best practices to India to ensure food safety, food hygiene and not the least, animal care.

- Indian poultry sector will continue to grow; but its growth trajectory can be strengthened and elevated with **clear road map and strategies** to achieve higher levels of overall growth, demand and turnover.
- The industry leaders have to be clear about where they want the industry to be by say 2030.
- For this, demand projection is necessary in terms of the number of layers/ broilers needed, feed requirements, vaccines for bird health, processing capacity, investment and skillsets.
- To realise its growth potential, this industry deserves policy, investment and research support.
- In setting a roadmap, sustainable growth by adopting sustainability principles must become the watchword.

Reference

1. [The Hindu Business Line | Feeding poultry is no easy task](#)

