

## 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](#)

