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Report Highlights:

Indian broiler production growth is estimated at 10 percent per year, with 2012 production reaching a record 3.2 million tons. Layer production growth is estimated at 6 percent annually. India has reported four outbreaks of avian influenza in 2011, but industry sources have reported that this has not resulted in significant economic or production consequences. India does not import poultry meat or eggs due to restrictive sanitary import regulations. India consumes nearly all the poultry meat it produces and exports are minimal.

General Information:

EXECUTIVE SUMMARY

Indian broiler production growth is estimated at 10 percent per year, with 2012 production reaching a record 3.2 million tons. Layer production growth is estimated at 6 percent annually. Indian processed poultry production is not expanding at the rate of the live-bird market due to cold chain capacity issues and meat retailing constraints. The processed poultry market is thus mainly oriented to serving hotel, restaurant and institutional consumers. Indian poultry and egg consumption continues to grow and is expected to double by 2015. However, given India's preference for vegetarian proteins, poultry consumption is not expected to grow to the levels seen in other countries. India continues to prevent imports of poultry meat and eggs on the basis of restrictive avian influenza regulations and other sanitary import requirements, but import estimates remain at zero. India has reported four outbreaks of avian influenza in 2011, but industry sources have reported that this has not resulted in significant economic or production consequences. India consumes nearly all the poultry meat it produces and exports are minimal.

PRODUCTION

Broiler: Growth in the broiler industry is characterized as robust but volatile, with an estimated annual average growth of 10 percent. Strong growth, like that experienced in the Indian dairy and pulse markets, is driven by India's expanding middle class and its increasing demand for more plentiful and less costly proteins. Despite a strong demand situation, production fluctuations occur, both due to cycles of overproduction as well as external factors such as avian influenza (AI). For example, following AI outbreaks in 2008, production dropped off significantly due to decreased consumer demand as well as production cost increases attributable to global inflation. Production rebounded in 2010 and has continued to grow at an average of 10 to 15 percent. Given these factors, Post forecasts calendar year (CY) 2012 production of broiler meat at a record 3.2 million tons, 10 percent more than the estimated record of 2.9 million tons in CY 2011. CY 2010 broiler meat production is revised up to 2.6 million tons (11 percent over 2009) to reflect industry recovery from AI.

Indian broiler production is highly organized, with the formal sector contributing nearly 85 percent of the total output. According to industry sources, approximately 60 to 65 percent of the organized sector is integrated, with the remainder operating as independent producers. The industry is concentrated mainly in the states Tamil Nadu, Andhra Pradesh, Maharashtra, Karnataka, and West Bengal. While the production side is highly integrated, formal poultry processing and retailing are limited. Although no official data exist, industry sources state that live birds make up more than 90 percent of total poultry sales with processed product making up the remainder.

Processed poultry products: Growth in the processed poultry segment faces challenges, and industry sources cite multiple factors when explaining the dominance of the live-bird market in India. For example, Indian consumers consider live poultry to be disease free, fresher and more hygienic than processed chicken. Industry sources attribute this preference to consumers' lack of confidence in handling procedures and the local cold chain. In addition to inadequate cold chain infrastructure, poultry producers face few retail options for poultry products due to consumers' price sensitivity (industry sources indicate mark-ups as high as 25 percent), customer resistance to commingled vegetarian and non-vegetarian products, and the general perception that live poultry is superior in quality. Given these circumstances, processed poultry production is small and growing at a significantly slower rate than the live-bird/broiler market, with the majority of its output being consumed by the hotel, restaurant, and institutional (HRI) sector. Thus, as overall poultry production increases, the processed poultry market's total share continues to shrink.

Layer: Growth in the Indian layer industry, like in the broiler industry, is being driven by increasing demand for higher-quality, lower-cost protein. Export opportunities for Indian egg powder products in the Middle East, Africa and Asia are also fueling growth. Unlike broiler production, the layer segment tends to be less volatile, although it has faced setbacks due to disease outbreaks. For example, industry sources report that layer production dropped off in CY 2008 following avian influenza detections. Production levels rebounded the following year with an estimated 8 percent growth rate. Currently, industry sources indicate that the layer industry is growing at an estimated 6 percent annually, with per capita CY 2012 egg availability forecast at 57 eggs per annum, as compared to 51 eggs per annum in CY 2009. As a result, post forecasts CY 2012 egg production at 71 billion, up 6 percent over 67 billion eggs in CY 2011. CY 2010 egg production is estimated at 64 million tons.

PRODUCTION POLICY

The poultry slaughter and processing sector, formerly regulated by the Ministry of Food Processing Industries (MOFPI), is now regulated by the Food Safety and Standards Authority of India (FSSAI) through the Food Safety and Standards Regulations (FSSR) 2011. The FSSR were enforced nationwide with effect from August 5, 2011, repealing the Meat Food Products Order (MFPO), 1973. They contain standards and regulations for meat and meat products, including porcine, bovine, caprine, and ovine meats, as well as fish and poultry. The FSSR requires registration and licensing of poultry processors and other food operators in the poultry value chain. It also enforces sanitary maintenance and controls at all stages of poultry products production. These standards equally apply to domestic and imported meat and meat products.

The majority of Indian poultry is sold live and most slaughter and processing are done manually at the retail level. The Government of India (GOI), recognizing the need for hygienic slaughter and handling, as well as the proper handling and disposal of waste products, launched the National Meat and Poultry Processing Board (NMPPB) on February 19, 2009. The NMPPB addresses issues related to production of hygienic, safe and wholesome meat and meat products. (For details please refer to Objectives of the Board).

In addition to the NMPPB, the Ministry of Food Processing Industries launched a comprehensive financial scheme, the modernization of existing abattoirs/establishment of modern abattoirs, under the 11th five year plan (2007-2012). The program is expected to continue in the 12th five year plan period (2012-2017). MOFPI is also administering another scheme for technology upgrading, establishment and modernization of processing plants. For details see http://www.mofpi.nic.in/images/ar10-11.pdf.
India permits 100-percent foreign direct investment in the food processing sector. Various multinational companies have set up offices in India or entered into joint ventures with poultry firms working in the Indian market.

CONSUMPTION

Indian broiler meat consumption is growing at the pace of production, which is estimated at approximately 10 percent annually. Given that exports are almost zero and that limited cold storage capacity prevents significant stocks, India consumes nearly all of the broiler meat it produces. Post forecasts CY 2012 broiler meat consumption at 3.2 million tons, up by 10 percent over 2011. Post has revised the consumption figures for CY 2010 and CY 2011 in accordance with production.

India's per capita consumption of poultry meat is estimated around 3 kg per annum, with chicken emerging as a preferred non-vegetarian protein option. India's per capita consumption of eggs is estimated at about 51 eggs per annum. Industry estimates suggest that broiler meat consumption will double by 2014-15. Major drivers of consumption are:

- an expanding middle class,
- increasing employment levels and incomes,
- new demand for ready-to-eat products and the growing presence of affordable quick service restaurants, and
- a general preference for poultry meat over other meats due to low prices and cultural and religious non-preferences for pork and beef.

It is important to note that while poultry and egg consumption are expected to grow in India, local dietary practices tend to prefer vegetarian protein sources, even among non-vegetarian consumers. As a result, it is unlikely that per capita consumption of meat and eggs will grow to levels seen in other countries. Additionally, although total consumption is estimated to double by 2014-15, per capita consumption will not necessarily double when factoring in population growth.

STOCKS

India's stocks for poultry meat are zero, as the majority of poultry is sold through live bird markets. Lack of cold chain infrastructure is a constraint in maintaining stocks for fresh and frozen meat.

AVIAN INFLUENZA OUTBREAKS IN NORTHEAST INDIA

In CY 2011, the northeastern Indian states of West Bengal, Assam and Tripura reported four outbreaks of H5 AI. The Tripura outbreaks were found on government-run farms while the other two outbreaks were discovered in backyard flocks. The GOI notified the World Organisation for Animal Health (OIE) of each of the outbreaks. The details of the OIE notifications are available on the OIE's website and can be accessed at: September 19, 2011 OIE notification, September 8, 2011 OIE notification, Feb 17, 2011 OIE Notification, and March 7, 2011 OIE Notification. In addition to notifying the OIE, the GOI took several actions in response to these outbreaks. Actions include issuing orders to cull all poultry in a 3-kilometer radius zone around the outbreak regions, followed by compensation to poultry owners. Poultry markets were closed, an intensive surveillance system was launched in a 10-km-radius, and the sale and transportation of poultry products in the affected area was prohibited. The GOI also banned movement of farm personnel, restricted access to wild and stray birds, restricted access to the infected premises, and ensured proper disposal of dead birds and infected materials as per the Ministry of Agriculture's Department of Animal Husbandry, Dairying and Fisheries (DADF) "Action Plan of

Animal Husbandry For Preparedness, Control and Containment of Avian Influenza."

India's northeastern states do not produce a significant share of India's national egg and meat production. Trade sources confirm that there is no impact on Indian exports of egg powder and eggs due to the AI outbreaks. Also, there are no official statistics or estimates released so far to report any impact in terms of loss of trade.

POULTRY FEED DEVELOPMENTS

Industry sources estimate CY 2011 poultry feed consumption at 14.0-15.0 million tons (broiler and layer combined). This approximately breaks down to: corn (10.0 million tons), soybean meal (3 million tons) and the remainder split between pearl millet, broken wheat and broken rice (1 to 2 million tons). With feed costs comprising approximately 70 percent of the cost of poultry production, the industry is susceptible to commodity price fluctuations. For example, the poultry industry faced fluctuations in corn prices throughout 2011 due to quality concerns earlier in the season followed by government forecasts of a bumper crop. Industry sources continue to forecast growth in Indian corn production, both due to shifting acreage from rice as labor costs rise, as well as the potential for continued yield improvements as farmers adopt hybrid varieties. As a result, there is a general sentiment that poultry feed supplies are sufficient as the industry continues to expand.

TRADE AND TRADE POLICY

There are no restrictions on poultry and egg exports from India. However, India's poultry exports are confined to table eggs, egg powder, and SPF egg shipments to markets in Asia, Africa and the Middle East. India's export of poultry meat is small due to high production costs, insufficient marketing infrastructure and limited processed poultry production.

India does not import poultry and poultry products. Although India does not impose any quantitative restrictions on imports of poultry meat, restrictive sanitary import regulations and high tariffs (Table 1) prevent U.S. poultry and poultry product exports to India and prevent almost all imports from other origins. In addition to restrictive sanitary import regulations, a lack of cold chain facilities and Indian consumers' general preference for live birds limit marketing opportunities for frozen poultry.

India prohibits the import of poultry and poultry products from countries reporting either low pathogenic or high pathogenic notifiable avian influenza. The most recent Gazette of India notification on the prohibition of poultry and poultry product imports from notifiable avian influenza reporting countries is available on the website of the Department of Animal Husbandry, Dairying and Fisheries and can be accessed at Indian Gazette notification on avian influenza. In 2009, India amended the avian influenza rule to allow imports of processed poultry products subject to a "conformity assessment." Under the conformity assessment, processed poultry may be exported to India if the requirements outlined in the conformity assessment are met by the exporting country. Note that trade data indicates that India's import of processed poultry products are nil and as of this time, the United States is unable to export processed products to India under the requirements in the conformity assessment. A copy of India's conformity assessment requirement is available on DADF's website at conformity assessment.

REGULATORY FRAMEWORK

Meat processing is licensed under the Food Safety and Standards Regulations, which is administered by the FSSAI. This order establishes the sanitary and hygienic standards for slaughterhouses and sets maximum residue levels (MRLs) for meat products. The order applies equally to domestic processors and importers of meat products. The FSSAI also regulates import testing of food products at the port of arrival.

Poultry and poultry product exports to India are overseen by Department of Animal Husbandry, Dairying and Fisheries. Exports to India require two documents: a sanitary import permit issued by DADF and a veterinary certificate issued by the relevant veterinary authority of the exporting country. The veterinary certificate must certify to sanitary conditions required by DADF. Indian import certification requirements for poultry products are available on DADF's website, many of which are given below. Note that issuance of a sanitary import permit from DADF is not a guarantee that the product can be exported to India. Specifically, DADF may issue the sanitary import permit regardless of the ability of a foreign veterinary authority to issue a veterinary certificate which endorses DADF's import requirements.

1. **Sanitary Health Protocol for Import of SPF Egg**
2. **Captive Birds**
3. **Chicken and Quail Meat**
4. **Day Old Duckling**
5. **Duck Meat**
6. **Feather**
7. **Goose Meat**
8. **Hatching Chicken Eggs**
9. **Meat of Guinea Fowl**
10. **Table Eggs**
11. **Turkey Chicks**
12. **Turkey Meat**

Note:

1. Sanitary Import Permit: A permit granted to the importer by the Department of Animal Husbandry, Dairying, and Fisheries to import a particular animal product into India. A sanitary import permit specifies various import conditions to be met and duly endorsed by the appropriate authority (veterinary health officer in the case of animal products) in the exporting country.

2. Sanitary/Veterinary Certificate: A certificate attesting to the requirements specified in DADF's sanitary import permit which is issued by the relevant authority of the exporting country.

3. Import License: A license issued by the Directorate General of Foreign Trade (DGFT) of the Government of India granting permission to import products on India's list of items restricted from trade. The import license specifies the quantity allowed for imports by the applicant importer.

Table 1. India: Import Policy and Tariffs on Poultry and Poultry Products

HS code	Description	Total Import	Import Policy
105	LIVE POULTRY FOWLS OF THE SPECIES GALLUS DOMESTICUS DUCKS,GEESE,TURKEYS & GUINEA		

1051100	FOWLS OF SPCS GALLUS DOMES WT<= 185 G	36.14	Restd
1051900	OTHER LIVE POULTRY WEIGHING < =185 G	36.14	Restd
207	**MEAT AND EDIBLE OFFAL OF THE POULTRY OF HEADING NO.01.05, FRESH CHILLED OR FROZEN**		
	Fowls of Sp Gallus Domesticus		
2071100	MEAT/EDBL OFAL OF FOWLSOF THE SPCS GALS DOMESTICUS NOT CUT IN PIECES,FRESH or CHILLED	36.14	Fr SanP
2071200	MEAT/EDBL OFAL OF FOWLSOF THE SPCS GALS DOMESTICUS NOT CUT IN PIECES,FROZEN	36.14	Fr SanP
2071300	CUTS AND OFFALS, FRESH OR CHILLED	103.00	Fr SanP
2071400	CUTS AND OFFALS, FROZEN	111.20	Fr SanP
	Of Turkeys		
2072400	MEAT & EDBL OFAL OF TURKYS WHOL FRSH/CHLD	30.90	Fr SanP
2072500	MEAT& EDIBLE OFALS OF TURKEYS WHOLE,FRZN	36.14	Fr SanP
2072600	CUTS AND OFFAL OFTURKEYS FRESH/CHILLED	30.90	Fr SanP
2072700	CUTS AND OFFAL OF TURKEYS FROZEN	36.14	Fr SanP
	Of Ducks, Gese or guinea Fowls		
2073400	FATTY/LIVERS OF DUCKS,GEESE ETC FRSH/CHLD	30.90	Fr SanP
2073600	MEAT & EDBL OFL OF DUCK, GESE ETC FRZN	36.14	Fr SanP
407	**BIRDS EGGS,IN SHELL,FRSH PRSVD OR CKD**		
4070010	BIRDS EGGS IN SHELL FRSH PRSVD & COOKD OF THE SPECIS GALLUS DOMESTICUS & DUCKS FOR HATCHING	30.90	Restd SanP
4070020	BIRDS EGGS IN SHELL FRSH PRSVD & COOKD OF THE SPECIS GALLUS & DUCKS OTHER THAN FOR HATCHING	30.90	Restd SanP
4070090	OTHERS	30.90	Restd SanP
408	**BIRDS EGGS,NOT IN SHELL & EGG YOLKS FRSH DRED,COOKD BY STMNG OR BY BLNG IN WTR MOULDED,FRZN OR OTHRWSE PRESERVED**		
4081100	DRIED	36.14	Fr SanP
4081900	OTHER EGG YOLKS NOT DRIED	36.14	Fr SanP
Source: Directorate General of Foreign Trade, India			

1. Restd: Restricted
2. Fr SanP: Free Sanitary Permit
3. Restd SanP: Restricted Sanitary Permit

Table 2. India: Broiler Meat PSD

Poultry, Meat, Broiler India	**2010**		**2011**		**2012**		
	Market Year Begin: Jan 2010		**Market Year Begin: Jan 2011**		**Market Year Begin: Jan 2012**		
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**	
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)

Slaughter (Reference)	0	0	0	0	0	0	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	2,650	2,650	2,700	2,900	2,750	3,200	(1000 MT)
Total Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	2,650	2,650	2,700	2,900	2,750	3,200	(1000 MT)
Total Exports	3	3	3	3	5	5	(1000 MT)
Human Consumption	2,647	2,647	2,697	2,897	2,745	3,195	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	2,647	2,647	2,697	2,897	2,745	3,195	(1000 MT)
Total Use	2,650	2,650	2,700	2,900	2,750	3,200	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	2,650	2,650	2,700	2,900	2,750	3,200	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
Balance	0	0	0	0	0	0	(1000 MT)
Inventory Balance	0	0	0	0	0	0	(1000 MT)
Production Change	4	4	2	9	2	10	(PERCENT)
Import Change	0	0	0	0	0	0	(PERCENT)
Export Change	200	200	0	0	67	67	(PERCENT)
Consumption Change	4	4	2	9	2	10	(PERCENT)
Imports Percent Consumption	0	0	0	0	0	0	(PERCENT)
Exports Percent Production	0	0	0	0	0	0	(PERCENT)
Population	1,173,108,018	1,173,108,018	1,189,172,906	1,189,172,906	1,205,073,612	1,205,073,612	(PEOPLE)
Per Capita Consumption	2	2	2	2	2	3	(KG)
TS=TD		0		0		0	