



Indian Broiler Industry

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The annual per capita consumption of chicken meat in India is less than a kilogram. The demand for broiler meat is increasing with the emergence of nuclear families with increased purchasing price and the shift in consumer preference for broiler meat. In India less than 2% of the total broiler production is sold as processed and packed poultry meat. Consumers prefer broiler processed before them due to the availability of fresh chicken, lack of awareness of the quality of processed chicken meat, and unable to realize the hidden costs of feathers and offal while purchasing the live poultry for processing before him.

The problems in export are the inadequate support from the Government, international price structure, and improvements required in technology of packaging, transportation and preservation.

Poultry production utilizes the residues or by-products of Indian agriculture, which are unfit for human consumption and converts them to good nutritional poultry meat. The broiler industry, which came into prominence in early eighties, gives job opportunities for lakhs of farmers and profes-

sionals. Thus a linkage between farmers and professionals have been developed for the sustainable poultry rearing activities. It is estimated that for every 1000 broiler birds sold per week there is an employment potential for 15 persons and actually there is an additional opportunity for 10% growth annual.

Fixing Price of Bird

Indian poultry industry is a gamble on the market price. The concerned broiler co-ordination committee in the particular region fixes the price of the bird. The market demand is the major point considered while fixing the price. The cut off price for the farmer is the cost of production plus a small margin. Many a times for more than half of the year the price fixed would be lower than the cost of production. This situation when continued, all farmers who can not afford to supply birds at the price lower than the cut off price as demanded by the market will be thrown out of the business and it affects the supply. Thus after every time the selling price goes below the cost of production many farmers are wiped out of the industry. The supply thus will be lower than the demand and the price increases. This will attract fresh batch of farmers who would like to invest in poultry business and try to reap profits in the shortest possible time. Those farmers who are out of business will also try their luck by re-entering into business. This will again lead to surplus production and result in unremunerative price and the cycle will continue. Moreover the varied customs and cultures prevailing in India readjust the consumption of meat products during certain days in a month and certain months in a year. But the producers are unable to restrict their production capacities during such periods due to technical reasons and also for fear of loss of market share.

Attitude of Bankers

Though crores of rupees are invested in the industry the banking sector is skeptical about the future of the industry and they always have a second thought of finance a poultry unit. At the same time other high-risk avenues are catered to under the shelter of priority sector. The members of the industry should join hand to represent our case strongly so that the poul-





try rearing may be looked at as a profitable venture.

Exploitation by middleman

As described above there are frequent and severe fluctuations of the selling price of live bird in the market. But it is interesting to note that the price to the end users is not affected much. It remains almost static throughout the year. Thus it shows that the middlemen are benefited out of the fluctuation and to be more precise are responsible for the wiping out of farmers from the industry.

Future for broiler industry

Broiler industry in India has got a bright future. The per capita consumption of chicken meat in India is less than a kilogram which when compared to other developed and developing countries is very much meager. Emergence of nuclear families with higher per capita income and increased purchasing power will help in increasing the consumption of chicken meat. We have witnessed a shift in preference towards broiler poultry meat from meat of other species of livestock. Thus the potential for increase in demand is always

Hidden cost

The customer when goes to a live bird trader the trader weighs the bird, dresses the same and releases the price of the live bird plus the dressing charges. But he compares it with the price of the meat from any processing plant, which requires no further dressing, and no hidden costs are there. In the first place the customer is paying for the feathers and other inedible portions but the poor customer does not know the same.

Price Factor

Processed and packed poultry meat is slightly higher prices than the meat from live bird processed before the customer. The high price speaks about the quality and the processing. First unlike the dressing done by the trader, processing is carried out in modern plants and second the materials are subjected to freezing for which additional expenditure will have to be made. The final product to reach the customer refrigerated, transport is required to maintain the cold chain, and in retail shops deep freezers are required. At the processing plants back up power supply by using diesel generators are required to ensure the freezing. Due to heavy capital investment in the form of

equipment and freezing facility the processors have to operate at 100% capacities so as to break even. Any reduction in capacity utilization due to erratic demand, the cost of processing will go up disproportionately. All this, add to the price of the processed poultry meat vis-à-vis that of the live bird. The housewife who decides to buy the chicken from a shop makes a calculation to see how much she saves if she buys a live bird from a trader or processed meat from a supermarket or cold store. If only the difference is about one to two rupees, she will prefer to buy the processed meat but if the difference is wider she will definitely opt the other one. Thus price has become the most critical factor affecting the purchase decision of an average chicken customer and naturally due to value addition the processed poultry meat from organized processing plants are sold at a price higher than the live bird. This limits the sale of processed meat from organized processing plants and that is why most of the modern poultry processing units in India are becoming unviable.

Export-a mirage dream

Exporting of poultry meat has tremendous potential. But the price has to match with international market. However there is a need to improve the packaging, cold chain transportation and preservation to meet international standards. The domestic market has to be strengthened to make a profitable export. Import duties on poultry processing equipment should be waived, low interest loans should be offered to activities related to poultry processing and marketing, duty drawback for poultry export as in the case of marine export etc. may be considered for promoting the chicken export.



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