

India's Poultry Sector: Development and Prospects. Maurice Landes, Suresh Persaud, and John Dyck. Market and Trade Economics Division, Economic Research Service, U.S. Department of Agriculture, Agriculture and Trade Report WRS-04-03.

Abstract

Poultry meat is the fastest growing component of global meat demand. India, the world's second largest developing country, is contributing to the expansion through the rapid growth of its poultry sector. In India, poultry sector growth is being driven by rising incomes, together with the emergence of vertically integrated poultry producers that have reduced consumer prices by lowering production and marketing costs. Integrated production, a market transition from live birds to chilled and frozen products, and policies that help ensure supplies of competitively priced domestic or imported corn and soybeans are keys to future poultry industry growth in India and in other developing countries.

Keywords: India, developing countries, poultry, demand, prices, vertical integration, contract growing, feed, policy, trade, economic model.

Acknowledgments

The authors would like to thank Dr. A.P. Sachdev, Dr. V. Shunmugam, Weyland Beeghley, and Joe Carroll for their assistance in arranging study visits and interviews in India. David Harvey made valuable contributions to this report. Appreciation is also extended to Praveen Dixit, Shayle Shagam, and Joy Harwood for their reviews. John Weber, the editor, and designers Wynnice Pointer-Napper and Victor Phillips, Jr. provided excellent publication support. Financial support for this project was provided by the Emerging Markets Program of USDA's Foreign Agricultural Service.

Cover Photos: Chicken Center at INA Market in New Delhi, India.

1800 M Street, NW
Washington, DC 20036-5831

January 2004

Table of Contents

Executive Summary	....	iii
Map of India	....	vi
Introduction	....	1
Recent Trends in Poultry Supply and Demand	....	2
Consumer Demand and Preferences	....	5
Income and Price Sensitivity of Demand	....	6
Regional Demand Patterns	....	6
Substitutes and Complements	....	8
Preferences for Dark and White Meat	....	8
Seasonality in Demand	....	9
Poultry Production: Structure and Technical Performance	....	10
The Role of Integrated Poultry Operations	....	10
Poultry Breeds	....	12
Poultry Production Practices	....	13
Technical Performance Indicators and Production Costs by Region	....	14
Poultry Marketing and Prices	....	18
Live-Bird Preference	....	18
Processed Poultry Demand	....	18
Poultry Processing	....	19
Farm Price Determination	....	20
Farmers' Compensation Under Integration	....	22
Regional Variations in Retail Prices and Margins	....	22
Integration Leads to Lower Costs and Margins	....	23
Poultry Trade Policy and Import Potential	....	24
Poultry Feed Supply and Demand	....	26
Feed Composition	....	26
Feed Production and Consumption Trends	....	27
Feed Price Trends	....	29
Feed Trade Policy	....	30
Prospects for India's Poultry Sector	....	31
Income Growth	....	31
Poultry Integration	....	32
Corn Trade Liberalization	....	35
Integration and Corn Trade Liberalization	....	36
Conclusions	....	38
References	....	40
Appendices	....	41
1.1-1.6: Poultry and Feed Data Tables	....	41
2.1– 2.4: India Poultry-Feed Model & Results	....	50