

Problems Faced By Indian Poultry Farm Exporters And Role Of Exim Bank

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INTRODUCTION

Poultry has a crucial place in India as eggs and chicken meat are important and rich sources of protein, vitamins and minerals. Poultry provides rich organic manure and is an important source of income and employment to millions of farmers and other persons engaged in allied activities in the poultry industry. Exim Bank (Export-Import Bank of India) is an Indian government-owned financial institution for the public sector created by the Act of the Parliament of India: the Export-Import Bank of India Act 1981. Exim Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India (ECGC), a financial institution, public sector banks, and the business community. Chicken is the most widely accepted meat in India. In the last two to three decades, poultry has made tremendous strides, particularly in the private sector, with the result that India is now self-sufficient with regard to requirements of high quality breeding stocks, modern poultry equipment, availability of medicines and vaccines and technically qualified skilled manpower. The annual growth rate is 8-10% in egg and 12-15% in the broiler industry, with the annual production of 33 billion eggs.

India is the 4th world's largest egg producing country. It also produces 530 million broilers per year. Poultry provides employment to about 1.5 million people. The annual per capita consumption in India is only 33 eggs and 630 grams of poultry meat. This is much lower as compared to the world average of 124 eggs and 5.9 kg meat. The National Committee on Human Nutrition in India has recommended per capita of 180 eggs (about one egg every two days) and 10.8 kg meat. To meet this target, it is estimated that by year 2010, the requirements will be 180 billion eggs and 9.1 billion kg poultry meat, while the estimated production may only be around 46.2 billion eggs and 3.04 billion kg poultry meat. The Poultry Business in India is a very old practice and this food industry is one of the important contributors to the economy of rural and semi-urban India. The Indian poultry industry has contributed around US \$ 229million, to the gross national product and is witnessing steady growth till the current fiscal year. The poultry industry of India produced over 34 billion of eggs and around 600,000 tons of poultry meat in the financial year 2004. Moreover, with the continual rise in purchasing power capacity, the rate of consumption is estimated to triple by the end of the year 2020. The average per capita poultry meat consumption in India increased from 0.69 to 1.28 kg and the total egg consumption is estimated to touch 106 billion in 2020 from 34 billion in 2000. Furthermore, the poultry meat consumption is estimated to increase from 687 million kg to 1,674 million kg. Presently, the Poultry Business in India produces around 37 billion of eggs and 735,000 tonnes of poultry meat. The Indian states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu cumulatively produces around 45 % of the India's egg production, while the eastern and central parts of India account for about 20% of the egg production.

WORK DONE IN INDIA FOR POULTRY DEVELOPMENT

The Central and State Governments Educational and Training Institutions, Farmers and The Private Sector poultry industry have contributed significantly for this achievement. In the Govt. Sector, the emphasis initially was on poultry training, breeding and health care. Random Sample Test Units were started to evaluate the genetic stocks and some excellent work was done on manufacturing of vaccines and providing diagnostic services. The private sector contributed significantly to produce high quality commercial breeding stocks, poultry equipment, compounded feed, health care products and disease diagnostic facilities. Good genetic stocks, equipment and machinery, medicines and vaccines and skilled man-power are available. There is a need to improve processing, preservation and marketing of eggs and poultry products.

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SYSTEMS OF POULTRY FARMING IN INDIA

In India, both intensive and traditional systems of poultry farming are followed, but intensive system is rapidly increasing due to increasing land and other input costs. It is estimated that in India, about 60% of poultry meat and 56% of eggs are currently being produced in the intensive system. In case of layers, the cage system is rapidly replacing the deep litter system. However, in broiler farming, the deep litter system is more prevalent.

POULTRY MARKETING

A farmers' organization - National Egg Coordination Committee (NECC)- has done a good job in the last 10-15 years by collecting information on supply and demand position of eggs on a daily basis and declaring region-wise wholesale egg prices. This has helped to prevent undue exploitation of farmers. Agro-corpex India limited has been functioning in different states for direct trading of eggs of farmers. Fast-food joints of well known international companies like "Kentucky Fried chicken", "McDonalds", "Pizza Hut" and "Subway" etc., have been started.

In fact, Namakkal zone in Tamil Nadu is the poultry hub of India as the region accounts for 90% of egg exports from the country. Of the total 20 crore layer birds in the country, poultry farms in the Namakkal zone alone houses around 3.5-4 crore layer birds. The entire maize produced in the state was procured by the poultry industry, Kumar, member of Tamil Nadu Poultry Farmers Association (TNPFA) said. According to Domestic and Export Market Intelligence Cell (DEMIC) of Tamil Nadu Agricultural University, the demand for maize from the poultry industry in Tamil Nadu alone is estimated to be around 8 lakhs tonne a year, but only a fifth of the demand was met through local production.

INSTITUTIONAL FINANCE

Credit facilities from commercial and cooperative banks and Regional Rural Banks and refinance facilities from NABARD during the last 2-3 decades have been provided to all aspects of poultry production and marketing. Besides providing financial resources, NABARD has also given valuable guidance in preparation, appraisal and monitoring of schemes. It has formulated several new innovative schemes and has been successful to obtain financial support from reputed International Financial Institutions. However, data on refinance disbursement by NABARD for poultry sector is maintained.

- ✿ Major Strategies and action plans
- ✿ Poultry feed
- ✿ Variable quality of poultry feed
- ✿ Poultry diseases
- ✿ Poultry marketing

Table 1 : Institutional Finance (In ₹ million)

Particulars	1998-99	1999-00	2000-01	2001-02	2002-3
Ground level credit disbursed for A. H.Sector	19960	21770	25990	31840	NA*
NABARD Refinance for poultry	1217	1133	710	700	762

Source: NABARD Annual reports 1998-2003. NA*=Not available

RURAL POULTRY PRODUCTION

The census on livestock, poultry, agriculture implements and fisheries is conducted once in 5 years since 1951 considering the shorter life span of livestock. The 18th Quinquennial Livestock and Poultry Census has been completed and the data is being compiled. It will be published with the concurrence of Government of India shortly. The 17th Census was carried out by the Department of Animal Husbandry in 2003-04. According to the 17th Livestock and Poultry Census, the species wise distribution of livestock and poultry, their percentage of increase / decrease over previous census and density in the State are given below.

GOVERNMENT AIDED SCHEMES

- ✿ There are several schemes of central and state Governments to assist the small farmers for poultry production.
- ✿ Schemes to develop rural markets and to remove regional imbalances need to be worked out with people to

Table 2 :Livestock and Poultry Census

Species	Population	Density (Per sq. km)	Increase/decrease over previous census
Cattle	91,41,043	70	1.04%
Buffalo	16,58,415	13	-39.51%
Sheep	55,93,485	43	6.35%
Goats	81,77,420	63	27.45%
Pigs	3,20,868	2	-47.28%
Others	50,798	1	-5.56%
Total Livestock	2,49,42,029	192	3.38%
Total Poultry	8,65,91,273	666	137.16%

Source: 17th Livestock and Poultry Census, Department of Animal Husbandry in 2003-04, GOI

increase their nutritional awareness regarding value of eggs and poultry products and for surveillance and guidance for farmers for control of poultry diseases.

❁ Policies and systems for on-going and post-project evaluation of the development schemes need to be established by the central and state governments. Refresher training for developing the capacity and skills of the Government staff has to be an integral part for all Government aided programmes.

LOW VOLUMES FOR EXPORTS

According to a Kuwait based broiler company, the demand in Gulf (West Asia) is 60000 tons of frozen chicken per month. One of the challenging problems faced by the Indian exporters so far is that the export demands are in huge quantities while the quantity available for export per lot from India is very small due to fragmented small sized farms with little or no facility for processing, refrigeration and marketing with infrastructure for maintaining a cold chain during the transportation of products.

Table 3 : Estimated Production of Milk, Egg and Meat During 2006-07 and target for 2007-08

Item	Achievement 2006-07	Target 2007-08
Milk (Lakh metric tonnes)	55.60	55.90
Egg (Million Nos.)	8,044	8,366
Meat (Million Kgs)	220	229

Source: Animal Husbandry, Dairying and Fisheries Department, Policy Note 2008-09, Animal Husbandry Department, GOI

VETERINARY SERVICES

Animal Husbandry Department plays a major role in providing veterinary assistance, health care and breeding support to the livestock and poultry reared in the State. The services provided are artificial insemination, pregnancy diagnosis, and treatment of ailing animals, vaccination, deworming, castration, extension and implementation of various schemes. Various institutions functioning in various grades provide the above services. The institutions include:

Table 4 : Veterinary Institutions

Polyclinics	:	6
Clinician Centre	:	22
Veterinary Hospitals	:	139
Veterinary Dispensaries	:	1,207

Source: Animal Husbandry, Dairying and Fisheries Department, Policy Note 2008-09, Animal Husbandry Department, GOI

The poultry industry today is giving direct or indirect employment to 30 lac people already and it will provide more jobs as the egg and meat consumption increases. There are 50 lac educated youth in AP and 10 crore in India who are either unemployed or underemployed. These people can be motivated to take up poultry job. Though poultry job

Table 5 : Estimated Egg Production by Districts In 2006-07

	District	Desi	Improved	Total (In Lakhs)
1.	Chennai	7.694	0000	7.604
2.	Kancheepuram	111.393	240.222	351.615
3.	Thiruvallur	139.607	354.266	493.873
4.	Cuddalore	98.640	0.000	98.640
5.	Villupuram	156.810	0.000	156.810
6.	Vellore	13.434	105.863	245.297
7.	Thiruvannamalai	55.059	18.135	73.194
8.	Salem	265.695	100.376	366.071
9.	Namakkal	107.654	62352.712	62460.366
10.	Dharmapuri	148.714	2013.351	2162.065
11.	Krishnagiri	78.396	93.767	172.163
12.	Erode	164.593	7278.368	7442.961
13.	Coimbatore	103.160	664.391	767.551
14.	The Nigiris	25.293	0.000	25.293
15.	Tiruchirappalli	108.288	605.238	713.526
16.	Karur	147.447	1859.407	2006.854
17.	Perambalur	82.449	93.617	176.066
18.	Pudukottai	120.037	1.615	121.625
19.	Thanjavur	195.050	98.084	293.134
20.	Nagapattinam	96.708	0.000	96.708
21.	Thiruvarur	109.508	0.000	109.508
22.	Madurai	153.869	17.996	171.865
23.	Theni	81.644	0.000	81.644
24.	Dindigul	161.109	608.038	769.147
25.	Ramanathapuram	97.193	0.000	97.193
26.	Virudhnuagar	235.808	81.590	317.398
27.	Sivagangai	189.225	0.000	189.225
28.	Tirunelveli	194.086	0.000	194.086
29.	Thoothukudi	133.702	35.399	169.101
30.	Kanyakumari	104.599	0.000	104.595
	STATE TOTAL	3812.774	0.000	80435.209

(Source: Department of Animal Husbandry and Veterinary Services, Tamilnadu government, Chennai-600 006)

Table 6 : Employment Opportunities in Indian Poultry Industry

	Human Population	Poultry Population	Percapita Egg consumption	Percapita meat consumption	Employment Opportunities	No of farms
India	109 Crores	17 Crores layers and 60 crores broilers	42 eggs	1.8 kg	25 lakh	20,000 layer and on lac broiler farms
Andhra Pradesh	7.8 Crores	7 Crores Layers and 14 crores broilers	65 eggs	22 kg	3 lakh	3500 layer and 2000 broiler farms
			For one Egg increase		30,000 Jobs	
				For 50 gm meat increase	25,000 Jobs	

Source: Animal Husbandry, Dairying and Fisheries Department, Policy Note 2008-09, Animal Husbandry Department, GOI

needs hard work, dedication to it can assure them a permanent job as this Industry is spread throughout the country and has a bright future.

PROBLEMS FACED BY THE POULTRY INDUSTRY

The domestic poultry industry is facing a number of problems in recent years.

1. First, the industry has been facing a severe shortage of its major feed ingredient, namely maize. Feed cost amounts to nearly 75 per cent of the cost of production of eggs and broilers, and maize constitutes 50 per cent of feed rations. Therefore, even a small increase in the price of ingredients can wipe out the profits. This steep increase in the price of major feed ingredient can force thousands of small farmers to suspend or even close down poultry farms. If the growth of the poultry sector is to be sustained at 10% for the layer sector and 15% for broilers, the country needs to push up availability.

2. Second, poultry being a livestock sector, needs certain vital infrastructure facilities that can facilitate storage, distribution, marketing, and exports. There is an acute shortage of refrigerated road transport and an efficient cold chain, which makes widespread distribution difficult and expensive. The country does not have experience to handle non-tariff measures like technical standards. At present, issues like pesticide residue, antibiotic residue, and hormonal residues are creating enormous problems while exporting.

3. Third, though poultry is an integral part of agriculture and treated on par with livestock in India, it faces restrictions on use of agricultural land, attracts higher electricity tariffs and sales tax than that of agriculture, pays tax on income earned from poultry farms, and is subject to different land/labor laws including the minimum wage act.

4. Fourth, in India, there is no tradition of processed poultry in which the poultry is frozen, which provides higher shelf life to the poultry. Here, the poultry is kept alive, thus there is no shelf life of poultry. This leads to wide price fluctuations, thus impacting the profitability of poultry farms.

5. Fifth, lack of vertical integration of poultry industry is another important problem the industry is facing and some problems may occur in exporting poultry products, which are as follows:

- ✿ Lack of comprehensive poultry policy.
- ✿ Weak association.
- ✿ Weak technical know-how.
- ✿ Inefficient bio-security.
- ✿ Weak management skills.
- ✿ Lack of trained manpower and Lack of MIS.
- ✿ Lack of adequate laboratory testing facility.
- ✿ Improper handling of drugs and vaccines.
- ✿ Inadequate quality standards.
- ✿ Inadequate disaster preparedness.
- ✿ Weak media management.
- ✿ Dominance of channel members.
- ✿ Weak distribution system.

FISCAL SUPPORT FROM THE GOVERNMENT

In the past few years, the private sector poultry industry has been demanding fiscal support from the Government of India in several aspects with a view to improve the domestic growth and export markets. They include:-

1. Freight, subsidy and cash incentives for exports ,more pressurized air cargo space, better handling facilities at airports and sea ports , subsidy on packaging material, lower interest rates and longer loan repayment terms by banks on infrastructure facilities created for exports.

2. Reduction of import duties on certain essential feed ingredients, life-saving drugs/vaccines, equipment and machinery for poultry processing and rendering high-tech laboratory equipment etc.

POLICY LEVEL SUPPORT FROM THE GOVERNMENT

The important support asked from time to time by the poultry industry includes:-

- ✳ Providing status of 'agriculture' to 'poultry' in all states of India (only a few states have implemented) ,
- ✳ Exemption from land ceiling act.
- ✳ Enlarging scope of 'mid-day meal scheme for school children' to include eggs in the diet of children.
- ✳ Grow more Maize campaign.
- ✳ Creation of National Poultry Development Board.

POULTRY PRODUCT IMPORTS TO INDIA

As a result of WTO agreement, India lifted quantitative restrictions on import of 150 items of consumer goods .Non tariff trade barriers (Licensing for import of food products) have also been lifted .As a result of this change, the local industry will have to face a serious challenge from the imported foods including eggs and poultry products. Recently, Government of India announced bound rates of 100% on imported poultry meat with a view to provide level-playing field for the domestic industry. Some quantity of chicken meat has already started being imported by some five star hotels in India. The cost of production/transportation and selling prices of table eggs produced in India are still competitive and there is no immediate threat from import of table eggs.

Poultry Exports from India: The world scenario on export and import of poultry products showing the major countries and the volumes traded (converted in rupee equivalent terms) are reported as under:

Table 7 : Poultry Exports From India

Major Exporters	Value (₹ millions)	Major Importers	Value (₹ million)
USA	11580	Japan	12820
France	11050	Saudi Arabia	5960
Netherlands	10620	Germany	10170
Brazil	6280	CIS (Russian Fed)	5030
Hungary	4680	Hong Kong	4200
Thailand	5840	Other middle East Countries	14380
Other European countries	5020	Others	13150

Source: APEDA report 2007-08

India has a specific advantage to develop its poultry exports to these countries and providing high quality and superior product-presentation is ensured for Indian poultry products. Although some efforts have been made to increase Poultry exports from India, the trade is very small in comparison to the global trade. At present, the exports are mainly in table eggs, hatching eggs, frozen eggs, egg powder, and to a small extent for live poultry (one day old chicks), poultry equipment and machinery etc. As of 2007 - 08, the poultry exports were worth ₹ 637.10 million although there is a potential to increase it to 1998- 99 ₹ 3 to 4 billion. A major market promotion effort is needed to encourage use of egg powder in Bakery products. In India, we will have to look for more diversified and value added products from processed eggs.

ACCORDING TO APEDA, INDIA'S MAJOR MARKETS FOR POULTRY EXPORTS ARE AS UNDER

1. **Live Poultry:** Sri Lanka (50%), Bangladesh (32.5%), and Nepal (8.2%)
2. **Hatching Eggs:** UAE (38%), Oman (26.8%), Kuwait (5.4%)
3. **Table Eggs:** UAE (72.8%), Kuwait (8.3%), Oman (8.3%)
4. **Egg Powder:** Japan (16%), Poland (14.5%), UAE (8.9%), Belgium (5.54%)
5. **Frozen Eggs:** UAE (83%), Oman (5%) Kuwait (3.9%)

ASSISTANCE BY APEDA FOR POULTRY PRODUCTS EXPORTS FROM INDIA

Agricultural and Processed Food Export Development Authority (APEDA) is promoting agro-exports since 1986.

Financial assistance is available to exporters, growers, trade associations, Government agencies etc. For poultry exports, following incentive schemes are available:-

- ✿ Feasibility studies, surveys, consultancy and data-base upgradation.
- ✿ Infrastructure development and Export promotion and market development.
- ✿ Packaging development and Assistance to promote quality and control of Quality.
- ✿ Upgradation of meat plants and Organization building and HRD.
- ✿ Generating relevant research and development.
- ✿ Air-freight subsidy for export of hatching eggs @ ₹ 6 per kg, or 25% of IATA rates, or 30% of FOB rate, whichever is less for countries of North Africa, South East Asia and CIS countries. With international prices way ahead of domestic prices of maize, export has become a viable option for growers. India is likely to export about 2.4 million tonnes of maize in 2007-08 season, The maize price, which is currently ruling at ₹ 723 per quintal, is likely to remain stable for the next couple of weeks, an expert said. "The maize export will be 2.2-2.4 million tonnes this year as both production and price are conducive," said Amit Sachdev, India representative of US Grains Council. The world output is likely to trail consumption fourth year in the row. International Grain council had forecasted world maize output in 2008-09 at 762 MT and consumption at a new high of 784 MT.

TRAINING NEEDS OF BROILER FARMERS

The success of poultry enterprise not only depends upon the adoption of scientific technology, but also on how best the entrepreneur involved possesses the knowledge and skill required for running the enterprise. The results revealed that training on brooding of chicks, stress management of birds, disinfection procedures, feed formulation, vaccination techniques and record keeping were perceived as important and necessary by more than 60 per cent of the broiler farmers.

ROLE OF EXIM BANK IN EXPORTS

Exim Bank (Export-Import Bank of India) is an Indian government-owned financial institution for the public sector created by and Act of the Parliament of India - The Export-Import Bank of India Act 1981. Exim Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India (ECGC), a financial institution, public sector banks, and the business community. The Bank's functions are segmented into several operating groups including:

✿ **Corporate Banking Group** which handles a variety of financing programmes for Export Oriented Units (EOUs), Importers, and overseas investment by Indian companies. Project Finance / Trade Finance Group handles the entire range of export credit services such as supplier's credit, pre-shipment credit, buyer's credit, finance for export of projects & consultancy services, guarantees, forfeiting etc.

✿ **Lines of Credit Group Lines of Credit (LOC)** is a financing mechanism handling export transactions in the agricultural sector for financing Small and Medium Enterprises Group to the specific financing requirements of export oriented SMEs. The group handles credit proposals from SMEs under various lending programmes of the Bank. Export Services Group offers variety of advisory and value-added information services aimed at investment promotion. Fee based Export Marketing Services Bank offers assistance to corporate affairs.

EXIM BANK WILL SUPPORT EXPORT OF SERVICES

The Export Import Bank of India, which has played a prominent role in promoting long-term project exports and product development, production and marketing of merchandise exports, has started paying attention to export of services, according to Chairman and Managing Director T.C. Venkat Subramanian. Starting with software, the bank has, in recent times, successfully supported the export of Indian films, and would assist exporters of engineering design services, education services and healthcare, Mr. Venkat Subramanian, addressing a seminar on '*Indian Industry: Journey Towards A Borderless World*,' organised here on by the Exim Bank and Industrial Economist, he said the bank had helped Indian companies acquire manufacturing units and distribution outlets in world markets. He said a remarkable feature of India's exports was that they were driven by domestic companies. Only 10 per cent of India's exports were by multinational corporations, while in the case of China, MNCs accounted for 52 per cent of

exports.

EXIM BANK LAUNCHES SCHEMES TO PROMOTE SME EXPORTS

Export-import Bank of India has now devised various innovative support programmes for small and medium enterprises (SMEs) in the export sector, both in terms of equity (in select cases) and loans. It also partners these enterprises in their quest for globalisation by helping them penetrate and retain a presence in overseas industrialised countries. The bank's newly set up Export Marketing Services (EMS) programme provides services such as identification of new buyers; undertaking discussions on behalf of the SME and generating orders; advice on setting up of sales partners, distribution networks and overseas ventures, and location of sales offices abroad. Pointing out those credit facilities for SME exporters were now available for financing at all stages of the export cycle of Indian firms, the bank supports the companies' strategic export development plans. It also provides term loans towards supply-side upgradation and funds for export marketing activities.

EXIM BANK FINANCE

Exim Bank is fully owned by the Government of India and is managed by the Board of Directors with repatriation from Government, financial institutions, banks and business community. The Export- Import Bank of India (Exim Bank) provides financial assistance to promote Indian exports through direct financial assistance, overseas investment finance, term finance for export production and export development, pre-shipping credit, buyer's credit, lines of credit, relending facility, export bills, rediscounting, refinance to commercial banks. The Exim Bank also extends non-funded facility to Indian exporters in the form of guarantees. The diversified lending programme of the Exim Bank now covers various stages of exports, i.e., from the development of export makers to expansion of production capacity for exports, production capacity for exports, production for exports and post-shipment financing. The Exim Bank's focus is on export of manufactured goods, project exports, exports of technology services and exports of computer software.

LOANS TO FOREIGN GOVERNMENTS, COMPANIES AND FINANCIAL INSTITUTIONS

- 1. Overseas Buyer's Credit:** Credit is directly offered to foreign entities for import of eligible goods and related services on deferred payment.
- 2. Lines of Credit:** Besides foreign governments, finance is available to foreign financial institutions and government agencies to on-lend in the respective country for import of goods and services from India.
- 3. Relending Facility to Banks Overseas:** Relending facility is extended to banks overseas to enable them to provide term finance to their clients world-wide for imports from India.

LOANS TO COMMERCIAL BANKS IN INDIA

- 1. Export Bills Rediscounting:** Commercial Banks in India, who are authorised to deal in foreign exchange can rediscount their short term export bills with Exim Banks, for an unexpired period of not more than 90 days.
- 2. Refinance of Export Credit:** Authorized dealers in foreign exchange can obtain from Exim Bank 100% refinance of deferred payment loans extended for export of eligible Indian goods.
- 3. Guaranteeing of Obligations:** Exim Bank participates with commercial banks in India in the issue of guarantees required by Indian companies for the export contracts and for execution of overseas construction and turnkey projects.
- 4. Eggs support maize:** The Egg industry supports two crore maize farmers and four lakh soya farmers, according to NECC. Availability of substitute products at cheaper rate may lead to weakness in demand. This situation happens especially when the main products' price tends to become higher. Breakthrough in the technology may increase the productivity and would lead to more supply. This may bring some softness in the price. Assistance by Ministry of Food Processing, Government of India in the following relevant schemes is available

- ✿ Development of infrastructure facilities.
- ✿ Setting up/expansion/modernization of food processing industries.

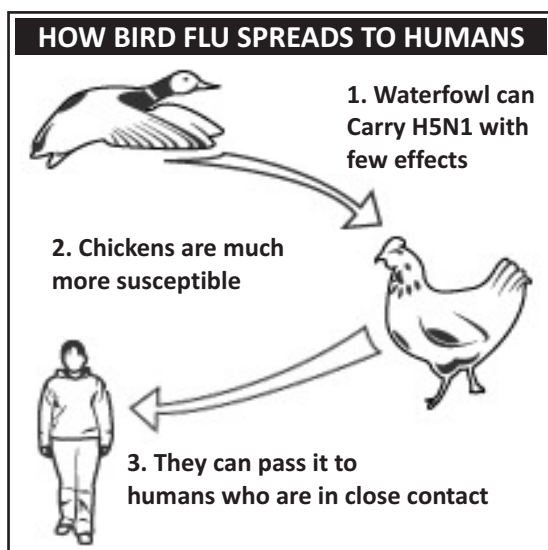
- ✿ Development of poultry/egg processing and Research and development in food processing.
- ✿ Person power development in food industry.
- ✿ Development /improvement of marketing, quality control, storage and transport of meat and meat products.
- ✿ Generic advertisement on processed foods and marketing assistance.
- ✿ Strengthening of backward linkages in food processing industry.
- ✿ Strengthening of nodal agencies and Setting up of demonstration units / pilot projects.

SCOPE AND STRATEGIES FOR INVESTMENTS IN INDIAN POULTRY INDUSTRY

- ✿ It can be seen from the above information that the demand of eggs and poultry meat are increasing. The people have a capacity to buy products. The 'quality' of products has to be improved. India has technically qualified manpower, a strong private poultry sector and financial credit institutions.
- ✿ There is a considerable scope in investments in all aspects of poultry namely -breeding, feeding. Housing and management, health control and processing and marketing of products both for the domestic as well as export market.
- ✿ The foreign investors should seek collaborations with Indian entrepreneurs.
- ✿ The foreign research and development institutes need to collaborate with Indian counterparts like ICAR, CARI, and Agricultural Universities etc.
- ✿ The international donors need to collaborate with Government of India, NABARD, and APEDA etc.

CURRENT PROBLEMS OF POULTRY PRODUCTION IN INDIA

In comparison with other agricultural sectors, the market for eggs and poultry in the European Community is subject to a very liberal market organization. For instance, there are no guaranteed prices or intervention systems, nor does the poultry sector have any systems providing aid to private stocks. In principle, egg and poultry products can, therefore, move freely from one Member State to another. As far as trade relations with third countries are concerned, the present market organizations includes a system of export restitutions to compensate for the difference in cereal prices at world market level and within the European Community, as well as a system of sluice-gate prices and import levies to prevent products from third countries from being imported to the EEC at dumping prices.



(Source: <http://www.nlm.nih.gov/medlineplus/birdflu.html>)

Although the Indian poultry industry is on a rise due to modern practice method of poultry farming, but a major section of the industry still suffers from some bottlenecks, like the following -

- ✿ Lack of proper basic infrastructure like storage facility, transport, cold storage chains.
- ✿ Fluctuations in the price of poultry products due to absence of proper storage facilities.
- ✿ Unorganized and inefficient marketing system.

- ❖ Interference of many market intermediaries.
- ❖ Availability of proper nutritious feed in absence of corn or maize, which constitutes the bulk of broiler feed.
- ❖ Lack of proper disease knowledge of the fowls.

Latest target for a ban on futures trading is maize. The National Egg Co-ordination Council has asked the Union Government for a ban on futures trading as prices are increasing only because of speculation and forward trading. *"The price of maize has gone up to ₹ 1,000 a quintal from ₹ 500, showing a 100 percent jump."* it said. This, the NECC felt, was unjustifiable keeping in mind the increase in maize production to 16.8 million tonnes from 14 mt last year. Poultry and maize industry share a sort of symbiotic relationship. Both need each other to grow. Maize constitutes more than 70-80 percent of the poultry feed, therefore, an increase prices of maize will lead to increased production costs for chicken. As per available data, the chicken production cost has moved up to ₹ 38/kg as compared to ₹ 28/kg over the past two years.



(Source: <http://www.nlm.nih.gov/medlineplus/birdflu.html>)

FUTURE POULTRY REQUIREMENTS

As per the 1992 - 2001 Livestock census, India had 284 million fowls (including both Desi and improved layer and broiler birds). It is estimated that India presently has about 115 million improved layer and 620 million commercial broiler population. By year 2005, this is likely to reach to 250 million layers and 2110 million commercial broilers. This means that the parent female layer breeding stocks have to increase from 1.41 million to 3.12 million. In the same manner, the broiler breeder female stocks have to grow from 5.80 million to 20 million. All this will require intense efforts to provide proper infrastructure support -sustainable broiler and egg industry in breeding, feeding, management, health control, and infrastructure for collection, processing, preservation and marketing of eggs and poultry products with a view to increasing the food security and improving the overall economy of the country. The National Egg Coordination Committee projected a poultry plan for year 2015, keeping in view the target of 180 eggs and 9 kg chicken meat. Per capita annual consumption and considering an average growth of 10 % and 15% for egg and broiler industry respectively .For this purpose, the country would need a capital investment of about ₹ 148000 million.

HIGHLIGHTS OF EXIM POLICY, 2002-07 OF INDIA(SOURCE: MINISTRY OF COMMERCE & INDUSTRY, GOVERNMENT OF INDIA)

❖ **I- Special Economic Zones (SEZs):** Offshore Banking Units (OBUs) shall be permitted in SEZs. Detailed guidelines are being worked out by RBI. This should help some of our cities emerge as financial nerve centres of Asia. Units in SEZ would be permitted to undertake hedging of commodity price risks, provided such transactions are undertaken by the units on stand-alone basis. This will impart security to the returns of the unit. It has also been decided to permit External Commercial Borrowings (ECBs) for tenure of less than three years in SEZs. The detailed guidelines will be

worked out by RBI. This will provide opportunities for accessing working capital loan for these units at internationally competitive rates.

❖ II- Employment Oriented

❖ **Agriculture:** Export restrictions like registration and packaging requirement are being removed today on Butter, Wheat and Wheat products, Coarse Grains, Groundnut Oil and Cashew to Russia. Quantitative and packaging restrictions on wheat and its products, Butter, Pulses, grain and flour of Barley, Maize, Bajra, Ragi and Jowar have already been removed on 5th March, 2002. Restrictions on export of all cultivated (other than wild) varieties of seed, except Jute and Onion, were removed. To promote export of agro and agro based products, 20 Agri export zones have been notified. In order to promote diversification of agriculture, transport subsidy shall be available for export of fruits, vegetables, floriculture, poultry and dairy products. The details shall be worked out in three months. 3% special DEPB rate for primary & processed foods exported in retail packaging of 1 kg or less.

CONCLUSION

Exim Bank (Export-Import Bank of India) is an Indian government-owned financial institution for the public sector created by and Act of the Parliament of India: the Export-Import Bank of India Act 1981. Exim Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India (ECGC), a financial institution, public sector banks, and the business community. The annual per capita consumption in India is only 33 eggs and 630 grams of poultry meat. This is much lower as compared to the world average of 124 eggs and 5.9 kg meat. The National Committee on Human Nutrition in India has recommended per capita of 180 eggs (about one egg every two days) and 10.8 kg meat. To meet this target, it is estimated that by year 2010, the requirements will be 180 billion eggs and 9.1 billion kg poultry meat while the estimated production may only be around 46.2 billion eggs and 3.04 billion kg poultry meat. Exim Bank (Export-Import Bank of India) is an Indian government-owned financial institution for the public sector created by and Act of the Parliament of India: the Export-Import Bank of India Act 1981. Exim Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India (ECGC), a financial institution, public sector banks, and the business community.

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Business does not act in a vacuum and recent years have seen a marked increase in stakeholder expectations for Corporate Social Responsibility(CSR) and, in particular, transparency in the way in which this is put into practice, but there is no concrete way to define corporate Social Responsibility. Different organizations have framed different definitions, although there is considerable common ground between them. Some refer to CSR as corporate citizenship in work place, in the media, in the government and in the communities. While some refer to CSR as establishing a positive company reputation and brand in the public eye through good work that yields a competitive edge, while at the same time, contributing to others. Despite what the phrase corporate social responsibility suggests, the concept is not restricted to corporations but rather is intended for most types of organizations, such as associations, labour unions, organizations that serve the community for scientific, education, artistic, public health or charitable purposes, and governmental agencies.

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