



Research Paper

An economic analysis of challenges and feasibility of poultry industry in Tamil Nadu

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ABSTRACT : The Indian poultry industry has been on the continuous growth trajectory in the recent past aided by different contributing factors of national developmental regulations, emerging organized retail industry, governments including export supported by availability of funds for new projects as well as for easy financing for perspective poultry farmers. In South India, Tamil Nadu state is leading in broiler integration in the country which has Coimbatore as a major poultry pocket. In Namakkal district, while the demand for egg and chicken meat is increasingly commendably, poultry farmers here are forced to restrict their expansion processes owing to escalating land and construction costs over the last five years in Namakkal Zone. However, the various challenges, threats and weakness of the sector including: diseases, high feed cost, poor marketing infrastructure, regional imbalances in production, among others should be diligently addressed and the strengths of the sector well exploited so as to harness the opportunities. Otherwise, the poultry sector offers a bright future. A future right in our hands to shape.

KEY WORDS : Poultry, Poultry industry, Marketing, Challenges

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INTRODUCTION :

India has always been known for its primarily agrarian economy, though now it has gradually shifted towards industrial economy. With a majority population of the country still dependent on agriculture and allied activities, there is huge scope for industries like the poultry industry to expand and improve to become a profitable sector in the coming years. Poultry sector in India has been extremely beneficial for the common masses and has also contributed to earning foreign exchange through exports.

RNCOS' report, "Indian Poultry Industry Outlook

to 2017" portrays the current and future scenario of the poultry industry in the country. From the company's analysis, it is anticipated that the poultry industry will grow at a CAGR of around 10 per cent during 2012-13 to 2016-17. While preparing the report, RNCOS comprehensively covered the growth prospects of the broiler meat and egg industry. Statistically, the report covers production trends of broiler, broiler meat, layers and eggs. It also provides forecasts of the meat and eggs industry till 2016-17. The research report, spread over around 75 pages, offers a well-framed picture of poultry industry dynamics, essential to get a grasp of the market nerve.

India has 1.23 billion people and the number is

growing every year. The focus is on “Development” meaning good food, better health and living conditions to everyone. People spend more money on food when they earn more. Healthy food at attractive price will be the issue in focus. Eggs and chicken are accepted by all communities and are available at the most reasonable prices. Within a span of 25 years, the egg production has gone upto 70 billion from few millions and the broiler production has gone to 3.8 million tonne from nowhere. Poultry is the most organized sector in animal agriculture, worth rupees one lakh crores. The country has exported 6, 59,304.15 MT of poultry products to the world for the worth of Rs. 768.72 crores during the year 2015-16. Major export destinations are Oman, Saudi Arabia, Japan, Germany and Maldives.

India is emerging as the world’s second largest poultry market with an annual growth of more than 14 per cent, producing 61 million tonnes or 3.6 per cent of global egg production. The annual growth rate of egg production is 5-8 per cent. Apart from this, India ranks 6th in broiler production (125 billion rupees) with an annual output of 2.39 million tonnes of broiler meat, as per the estimates of the Ministry of Agriculture, Govt. of India. The total poultry industry is valued at about 350 billion rupees. The per capita consumption per year is approx 2.4 kg, which is much lower than the National Institute of Nutrition’s recommendations of 1.1 kg.

India is the third-largest egg producer after China and USA and the fourth-largest chicken producer after China, Brazil and USA. The per capita eggs consumption has gone up from 30 to 68 and the chicken from 400 g to 2.5 kg. Human nutritionists recommend 180 eggs and 10 kg chicken per year. Most of the countries consume over 240 eggs and 20 kg of chicken. There is scope for enhancing the production. Production is getting more organized and move ahead of consumption resulting in optimum prices and with minimum profits.

To assess the competition in the country’s poultry industry, we have profiled key industry players like Venkys, Skylark, Suguna, SKM, Simran, Kegg farms, IBG, Amrit Group etc. This helped in analyzing the strategies of the big companies which are proving successful in the poultry industry despite the various challenges faced. The size of their business, level of integration, production capacity, branding and marketing techniques, focus on R and D etc, have been described in detail.

The small layer units are becoming unviable. Large

units with million birds and 100,000 birds in one house are coming up. Some 70 per cent of the layer birds were in the states of Andhra Pradesh, Tamil Nadu and Maharashtra and Karnataka in south and only Punjab in the north. The eggs were transported to other states. More production units are coming up in Uttar Pradesh, West Bengal and Bihar now. North-Eastern states are planning production units to get fresh eggs at more reasonable costs saving time and money on transport.

Over all, Tamil Nadu counts for maximum egg production. In Andhra Pradesh, Hyderabad is the city with maximum poultry and hatcheries. Besides the state of Andhra Pradesh, Vishakhapatnam, Chittoor, Karnataka, Tamil Nadu, Maharashtra, Gujarat, Madhya Pradesh, Orissa and North Eastern states are the major egg contributors.

The Tamil Nadu government is planning to promote poultry clusters in seven backward and non-poultry regions in the state, in a bid to encourage more small and medium farmers in the state to take up poultry. Animal husbandry is a rapidly expanding sector in Tamil Nadu, playing a significant role in the rural economy by providing employment to a large number of small and marginal farmers and landless agricultural labourers and raising their economic status. Livestock is an important resource next only to family labour for landless agricultural labourers, it being their only major asset.

Presently poultry farming on a commercial scale is mostly practiced in the western parts of the state, with Namakkal having developed into an egg-laying belt and the Palladam region into a hub for broilers. However, there is good potential for poultry development in other parts of the state, the department says. Since the poultry industry is restricted to the western belt of the state, the Tamil Nadu government has launched a scheme to develop poultry clusters in the non-poultry, backward regions of the state at a total cost of Rs. 22.35 crore. The present study was attempted in Tamil Nadu poultry industries with the following objectives: 1. to explore the scenario of the poultry sector on India and Tamil Nadu. 2. to carry out a SWOT analysis of the poultry sector. 3. to study the problem faced by poultry industry.

MATERIALS AND METHODS :

The study was based on secondary data. The information collected through a review of various poultry literature sources, website, books, journals, reports and

publications.

RESULTS AND DATA ANALYSIS :

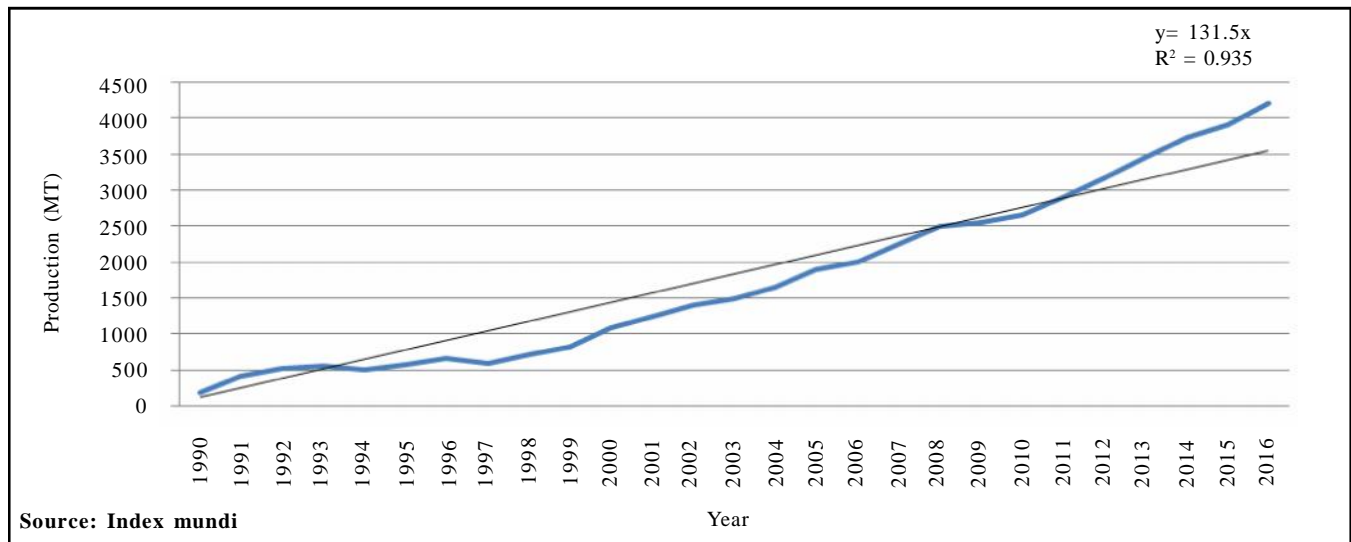
The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :

Poultry sector : India and Tamil Nadu :

Broiler production is a major portion of poultry production and the most dynamic livestock sector. This

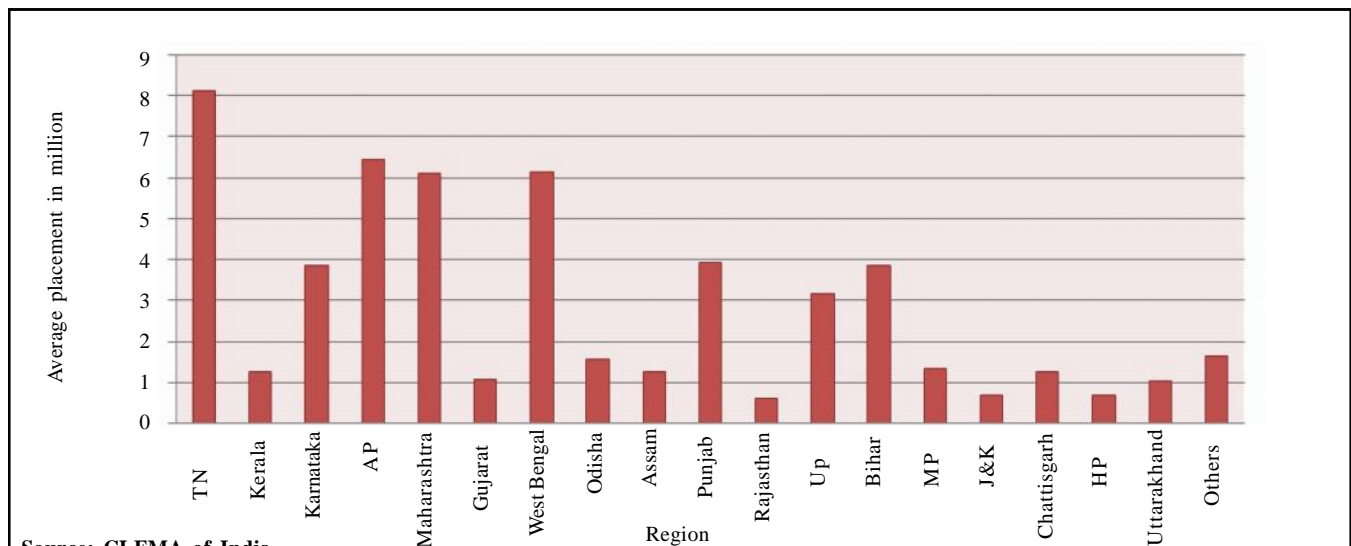
is one of the most concentrated in India. There has been a continuous rise in the Indian poultry production. The total of broiler production during 1997 was approximately 820 MT and was projected to be approximately 1250 MT in 1999. During 2000 was suddenly raise in the Indian poultry production and total production raised following years 2000 to 2016 and during the year 2016 was 4200 MT. Broiler production represents the biggest share of share of produced, accounting for 87 per cent of India broiler meat production (Fig.1).

The state wise broiler placements in India 2012-



Source: Index mundi

Fig. 1 : India broiler (poultry) production



Source: CLFMA of India

Fig. 2 : Broiler placements in India 2012-13

2013, Tamil Nadu were the first broiler placements in India is 8.12 million. Remaining the state were no broiler placement in India blow the 7.00 million (Fig.2).

The state wise layer populations in India in million tonnes, Andhra were the first place of the layer population is 77 millions and followed by the Tamil Nadu is 44 millions the second place (Fig. 3).

Various districts wise poultry population in Tamil

Nadu highest poultry population is Namakkal district was 42400952 Nos in Tamil Nadu, Namakkal district while the demand for egg and chicken meat is increasingly and the poultry population also. Followed by second highest poultry population in the district is Coimbatore. Very lowest poultry population is district was Virudhunagar followed by the Nagapattinam, Pudhukottai (Fig. 4).

Various districts wise egg production in Tamil Nadu.

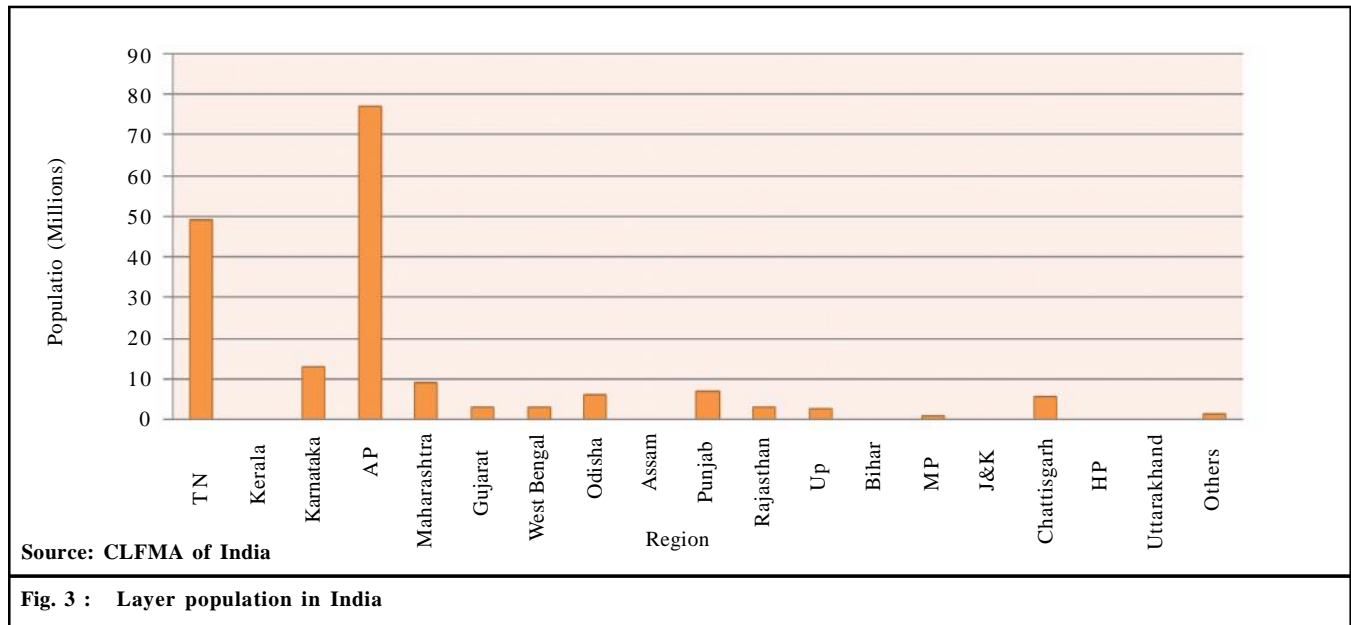


Fig. 3 : Layer population in India

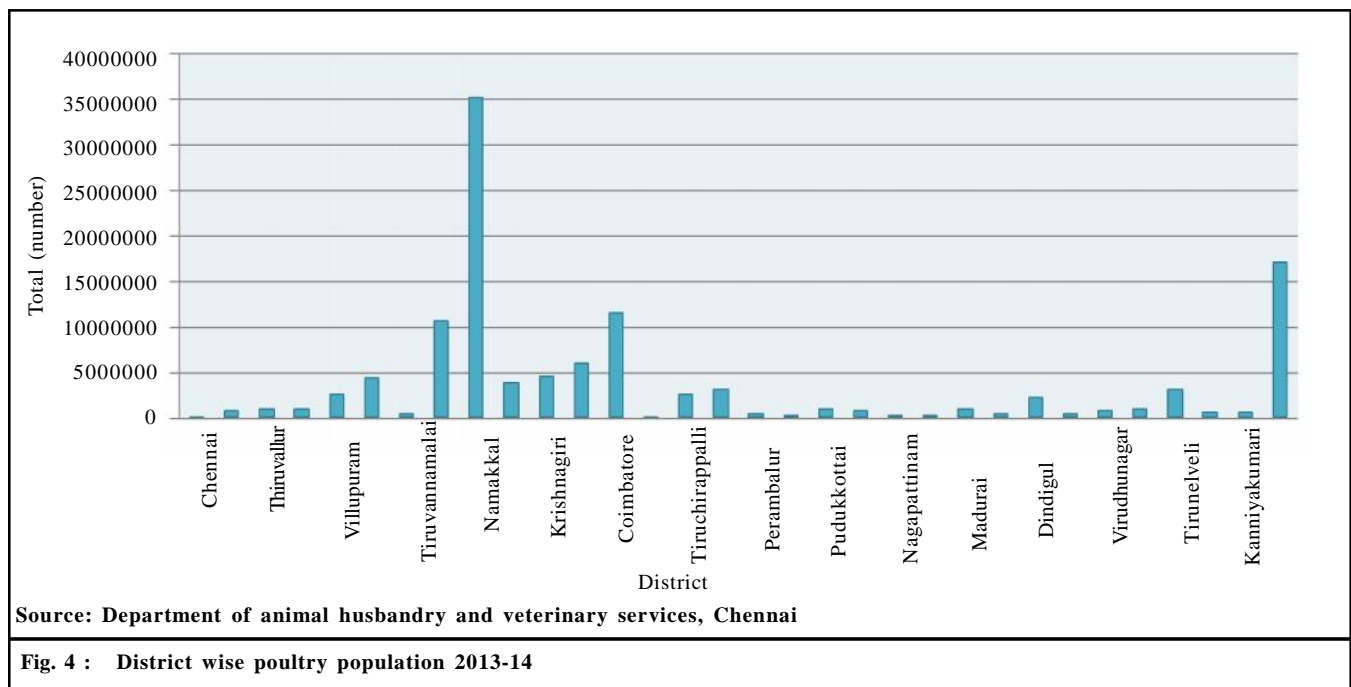


Fig. 4 : District wise poultry population 2013-14

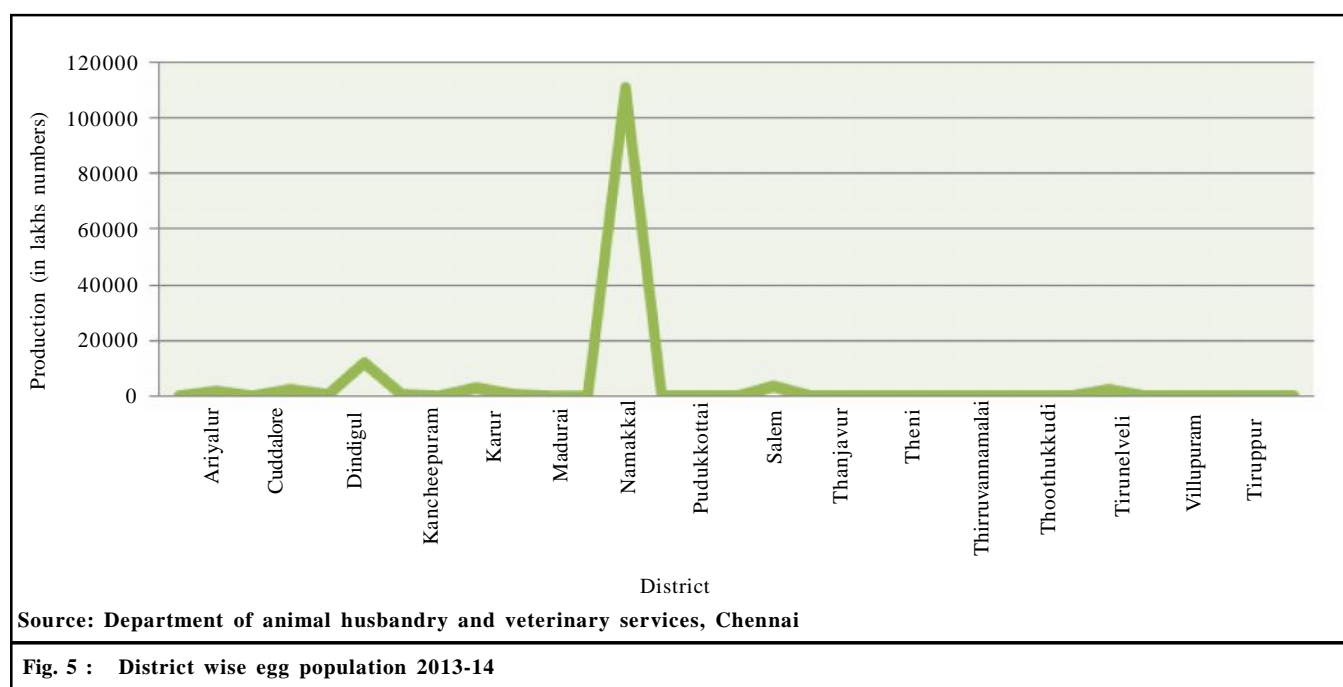


Fig. 5 : District wise egg population 2013-14

Tamil Nadu ranks second in the countries egg production with a production of 10.8 billion eggs. Namakkal district while the demand for the highest egg production is 110910.76 in lakh numbers (Fig.5).

Swot analysis of the poultry industry strengths :

- Availability of fresh, chilled chicken in different forms such as de-boned, cut-ups, ready to cook, ready to eat etc.
- With greater promotion frozen segment has high potentiality. This will widen the scope for end-products and lower the prices.
- Rationalized pricing of breeder and commercial stock.
- Entry of bigger players and retail giants will give fillip to poultry industry.
- Increasing outreach of financing institutions will encourage the rural areas to increase their production capacity.
- More marketing efforts will increase the availability of products to newer consumption centers.
- Establishment of newer markets will reduce the pressure on existing markets.
- Marketing branded egg in consumer packs would bring value addition and promote consumption.
- Industry ability to operate on even lower margins, bigger volumes, narrowing the farmer-to-consumer price

gaps.

Weakness :

- Local breeds have low productivity in terms of egg production and weight gain due to genetic limitations.
- Feeds are costly and their availability and quality fluctuates seasonally.
- Constraints in access to finance. This is an acute challenge especially for the smaller scale commercial farmers.
- Less awareness of local rearers about technologies and bird diseases.

Opportunities :

- Government policies relating to investments in poultry and ancillary industries, taxation, import duties, excise levies are positive.
- Consumer awareness, perception and acceptability of eggs and chicken as healthy food are increasing.
- Indian eggs are cheapest in the world market 50 cents a kg.
- The cost of production of both eggs and chicken meat in India is less than the international prices. Thus it can get the chance of establishing itself in the world market.
- The productivity is also as per USA (305 eggs per

bird per year). In Namakkal region of Tamil Nadu it is 300 per bird per year.

- Maximizing of production to take advantage of economies of scale.
- Processing to add value to chicken products.
- Export potential to neighbouring provinces.

Threats :

- Poor infrastructure for export is hindering the export of poultry products.
- Many countries are protecting their poultry industry from foreign competition by protective measures like restricting imports, keeping egg prices at lower level etc.
- Lack of FDI in India in this sector and very less number of state of art processing plants and post harvest technology are available.
- Flooding the market with cheap imports.
- Failure by authorities to enforce quality standards in feeds production.
- High feed ingredient prices.
- Unavailability of breed, lack of integration, no link between consumer demand and need and leakage value are some limiting factors of poultry today.
- Stiff competition from Sri Lanka, Pakistan, Brazil and France, all these countries provide subsidies, export incentives to exporters and keep their price low.

Problem faced by poultry industry:

- There is disparity between states and hence an impairment in growth of the sector. About 60 and of the egg production comes from Andhra Pradesh. Commercial poultry farming yet to make a mark in states like Odisha, Bihar, MP and Rajasthan. This disparity has resulted in uncertainty in sector.
- Recent heat waves in Andhra Pradesh and Telangana region has resulted in high chicken prices due to killing of birds. As a result poultry feed demand has fallen.
- Shortage of raw material is another issue. Price of soybean meal, the major and only source of protein has increased about 75 per cent, which has forced the feed manufacturers to comprise in terms of diet given to birds.
- Shortage of human resources is another problem because of the absence of veterinarians, researchers, in areas where expertise knowledge is required.
- Indian poultry sector is still unable to tap the benefit

of international market. Lack of adequate cold storage, ware houses is the major factor affecting poultry sector in India.

– Majority of the production is by unorganized which is another threat faced by sector. Indian poultry is one sector which can contribute to growth with low investment. In December it has attained a high growth in egg and meat production, which puts Indian egg production to be among top 5 in world. Indian poultry products are in demand and they can significantly to growth if the above shortages are overcome.

– Consumer mindset largely prefers fresher produce compared to packaged meat. Along with this, the lack of any comprehensive poultry processing parks in the country makes packaged and processed meat a niche market.

– The emphasis on subsidizing grains has led to a recent development of ‘protein inflation’ where investment costs for businesses are high, therefore, driving prices up. The volatility of the market and a lack of technology for a majority of traders leads to frequent outbreaks or deaths due to various factors (insufficient supplementation, temperature fluctuations).

Conclusion :

The poultry industry has emerged as the faster growing segment of the livestock sector both globally and India due to a number of favourable reasons. The social, cultural and economic importance that poultry offers in supporting livelihoods and contributing to national GDPs, the future growth and promotion of the poultry industry should be enhanced. Looking at the present scenario and advances, made in the field of poultry breeding for economic purposes, the future geneticists and breeders would have to search out alternate breeding strategies. The production and marketing of poultry products in India expected to double the progress in the next fours. The exportable poultry products must meet prescribed quality requirements, which are internationally recognized and accepted on large scale. Chicken represents the biggest share of poultry produced. The challenges affecting the sector should be addressed on a case to case basis. The exportable poultry products must meet prescribed quality requirements, which are internationally recognized and accepted on a large scale. The sector offers a bright future. A future right in our hands to shape.

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