establishment of the Venkateswara Hatcheries Pvt Ltd in Pune. The Central Poultry Breeding Farms laid the foundation for the development of the poultry industry during 1959. Other agencies such as ICAR (CARI) contributed much to the R&D sector. India has emerged as the only country in the developing world to make Commercial Poultry a self-reliant, technology driven Industry, with capability to produce every essential input for successful poultry farming including indigenous genetic resource and breeding, world class poultry vaccines and medicines, specific pathogen free eggs (SPF), farms and hatchery automation systems, pelleted feed, egg processing, poultry processing, nationwide network of disease diagnostic laboratories and facilities for entrepreneurial development and training in both private and public sectors. Growth in the Indian layer industry, as in the broiler industry, is being driven by an increasing demand for higher-quality, and lower-cost protein.

Export opportunities for Indian egg powder products in the Middle East, Africa and Asia are also fuelling growth. Unlike broiler production, the layer segment tends to be less volatile, although it has faced setbacks due to outbreak of diseases. For example, industry sources report that layer production dropped in the CY 2008 following avian influenza detections. Production levels rebounded the following year with an estimated eight per cent growth rate. Currently, industry sources indicate that the layer industry is growing at an estimated 6
per cent annually, with per capita eggs availability forecast at 53 eggs per annum for the CY 2012 as compared to 51 eggs per annum in the CY 2009. The egg production for the CY 2010 is estimated at 64 million tons. As a result, egg production is up 6 per cent by that is over 67 billion eggs in the CY 2011, and 71 billion eggs in CY2012.

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**Source:** A Record of National eggs coordination committee, Namakkal zone. (2012)
The table 2.1 shows the average eggs production in India 2000-2001 there were 37 billion eggs, 2001-2002 there were 39 billion eggs, 2002-2003 there were 40 billion eggs, 2003-2004 there were 40 billion eggs, 2004-2005 there were 45 billion eggs, 2005-2006 were 46 billion eggs, 2006-2007 were 51 billion eggs, 2007-2008 there were 54 billion eggs, 2008-2009 there were 56 billion eggs. 2009-2010 there were 64 billion eggs. 2010-2011 there were 67 billion eggs. 2011-2012 there were 71 billion eggs. So there is a consistent growth upward every year.

**CHART NO.2.1**

![Chart showing the production of eggs in India from 2000-2001 to 2011-2012.](chart.png)
2.2. PROGRESS OF POULTRY FARMING IN INDIA:

The credit for poultry as a business in the organized sector goes to Mr. Vyankatesha Rao—rightly called father of the Indian Poultry Industry. During the last ten years, the poultry industry has made immense progress leading to an increased egg production of 7% per annum and poultry meat production of 11% per annum.

Poultry industry in India has the inherent potential to become the world leader. A survey made to study the prices of eggs and the prices of poultry feed, in 45 countries points out that eggs are the cheapest in India, even though feed costs are not the cheapest.

The CY 2012, particularly the second half, was a tough year for the industry because of considerable increase in production costs with feed ingredients (Maize and Soya meal) touching record highs and realizations suffering because of oversupply in the industry. For instance average production costs for a typical commercial broiler farm which was in the range of Rs. 45-50/kg in 2011 increased to more than Rs. 62-65/kg in the CY 2012 (moderating slightly since new maize/soya crop arrival) while broiler realization growth remained muted. To make things worse, broiler realizations nose dived in the last quarter of 2012 because of oversupply and sporadic instances of ‘bird flu’ in certain geographies. Profits in 2010 and 2011
had resulted in sizeable investments in capacity expansion especially in the broiler segment and the same resulted in oversupply.

This significantly affected the profitability of poultry farms and integrators in 2012 with all the poultry players recording losses in broiler business in the second half of 2012. Consequently a sizeable number of independent poultry farms were shut down. The efforts of key integrators in poultry industry to control supply through measures like ‘hatching holidays’ were initiated towards the fag end of 2012. This resulted in improved realizations in 2013 and the industry is expected to register much better profitability compared to the last calendar year. The deliberate attempts to control supply will result in lower volumes (in terms of broiler chick placements) though the industry is projected to register healthy growth in terms of value. The continued industry wide co-ordination will be critical to maintain sustainable margins in the business considering increased production costs and seasonal volatility associated with poultry products. Long term solution lies in developing the processed chicken industry with value added offerings to protect against regional and seasonal variations in prices.

Large integrators as well as Government bodies are investing and promoting increased processing of poultry products (in form of frozen/chilled chicken and further processing in form of ready to
cook/eat) given increased acceptability of processed chicken in
domestic market though 92-93% of domestic purchases are still made
through the wet market due to traditional preferences. Increasing
penetration of QSRs (Quick Service Restaurants), continued increase
in the proportion of working women, changing lifestyles with
preference towards convenience food and higher purchasing power are
expected to provide a strong growth push for the processed poultry
industry in the long term. (ICRA LIMITED May 2013.)

ICRA expects domestic broiler meat demand to continue to grow
at 8-10% and table egg demand to grow at 4-5% in the long term
because of favourable socio economic factors like rising purchasing
power, changing food habits, and increasing urbanization. Key
challenges faced by the industry include high feed costs, inadequate
cold chain and transportation infrastructure, high vulnerability to
disease outbreaks and highly volatile realizations affecting cash flows.
Transition from a predominantly live bird/wet market to a
chilled/frozen market is crucial for the future expansion of the
domestic poultry industry as well as to increase its presence in the
international trade where India has a negligible presence. Developing
an efficient distribution system with large investments required in
cold chain infrastructure and increasing market acceptability of
frozen chicken are going to be the key industry drivers in the long
term.
The Indian poultry sector has been growing at around 8-10% annually over the last decade with broiler meat volumes growing at more than 10% while table egg at 5-6% driven by increased domestic consumption. The production capacity has responded with increased integration and large scale implementation of contract poultry farming. Farmers in India have moved from rearing country birds in the past to rearing hybrids which ensure faster growth of chicks, higher eggs per bird, increased hatchability, low mortality rates, excellent feed conversion and consequently sustainable profits to the poultry farmers. The industry has been supported by indigenous advancements in genetic capabilities, veterinary health, poultry feed, poultry equipment, and poultry processing sectors. The productivity gains of poultry industry are reflected in relatively lower price increase in poultry meat over the last five years compared to other meat products - Poultry WPI (wholesale price index) has grown at 12% year-on-year over 2008-2013 as against 21% for overall meat products basket – providing an affordable alternative for meeting the protein requirements in the Indian diet.
2.3. GROWTH OF THE INDIAN POULTRY FARMING INDUSTRY

The domestic poultry meat production is estimated to have increased from less than one million tonnes in 2000 to 3.4 million tonnes in 2012 with per capita consumption increasing from 0.8 kg to 2.8 kg annually during same period. Table egg production is estimated to have increased from 30 billion eggs in 2000 to 66 billion eggs in 2012 with per capita egg consumption increasing from 28 to 55 eggs during that period. The healthy growth in poultry output over the last decade makes India one of the fastest growing major world markets in the segment, (ICRA report.) with the future growth potential remaining strong because of a wide gap between global per capita consumption norms and favourable socio-economic factors.

2.4. INDIAN POULTRY INDUSTRY AT A GLANCE IN 2012–2013

Poultry farming in India has been a huge success in the last decade. Statistics show a 2 percent increase per annum in the agricultural production during the last 30 years, while the growth in the poultry sector has been 12 percent, which gives an idea about how well this industry is doing. The annual average growth shown by the Indian broiler industry is about 10 percent and has been characterized as steady but volatile. This steady and effective growth is the result of the expansion in the middle class of this country and the rise in their demand for protein-rich food. Though the demand is
increasing, production faces fluctuations due to factors like overproduction and avian influenza.

2012 has set a new record of broiler production i.e. 3.2 million tons. Similarly the layer industry is showing increased growth due to increasing demand for protein at low costs. Egg powder products of India have a strong demand in Africa, the Middle East and Asia and this is also promoting growth. Per capita availability of eggs was around 55 per year in 2011-12. A central-sector Poultry Venture Capital Fund scheme is being implemented in capital subsidy by the government from 2011.

In the 2012 calendar year, the second half was a tough year for the industry due to an increase in production costs with feed ingredients touching record highs and realizations suffering because of oversupply in industry.

2.5. CONTRIBUTIONS OF THE INDIAN POULTRY FARMING TO THE WORLD

India ranks first in having the largest livestock population in the world. Livestock plays an important role in the national economy as well as in the socio-economic development by augmenting family incomes and generating gainful employment in the rural areas, particularly for the landless, small and marginal farmers and women. With its 1.2 billion population and 8% GDP growth rate, India is
rapidly emerging as one of the biggest markets in the world. Livestock sector contributes approximately 4% to GDP and 27% to agricultural GDP. Poultry and dairy sectors are the major sectors contributing to economic development.

In May 2013, broiler meat production totalled 3.3 billion pounds, a small decline (0.3 percent) from May 2012. The decline stemmed from a 0.7 percent decline in the number of birds slaughtered in May compared to a year earlier, partially offset by a small increase in the average live-weights, which rose to 5.87 pounds. U.S. broiler meat production for the first 5 months of 2013 was 15.6 billion pounds, 1.6 percent above the same period in 2012. The increase in broiler meat production so far in 2013 is the result of a small increase in the number of birds being slaughtered, up 0.4 percent, and a 1.1 percent increase in their average live weight to 5.90 pounds. Average live weights have been higher on a year-over-year basis in 15 of the last 17 months. With an expectation of lower grain prices later in 2013, broiler integrators are expected to expand production in both the third and fourth quarters of 2013 and into 2014. The broiler meat production estimate for the second half of 2013 is 19.1 billion pounds, 3 percent higher than the previous year.

Factors pointing toward this increase include a higher number of hens in the broiler breeder flock and higher numbers of both eggs
being placed in incubators and chicks being placed for growth when compared to the same period a year earlier. During May, the number of birds in the broiler-breeder flock was estimated at 53.4 million, 1.2 percent higher than the previous year. On a year-over-year basis, the size of the broiler-breeder flock has been higher than the previous year for the last 6 months. With this increase in broiler-breeder hens, the number of eggs placed in incubators and chicks hatched are expected to continue to be higher than the previous year, and this is expected to increase the number of birds available for slaughter. This increase caused the estimate for eggs produced for hatching to be increased by 5 million dozen in both the second and the third quarter of 2013.

Over the last 5 weeks (June 8 to July 6, 2013), the average number of chicks being placed weekly for growth was 168 million, 0.9 percent higher than in the same period in 2012. The difference between weekly chick placements this year and in the same period in 2012 has grown considerably. The number of chicks being placed for grow out is expected to continue to remain higher than the previous year over the next few-weeks at least, as eggs being placed in incubators over the last 5 weeks have averaged 2.9 percent more than in the previous year.
Broiler meat production is expected to have been 9.5 billion pounds, up 1.3 percent in the second-quarter of 2013 compared to the previous year. Higher year-over-year increase in broiler meat production are expected in the third and fourth quarters of 2013. This increase in production is expected to come from gains in both the number of birds slaughtered and average live weight per bird. This increase in production is expected to generally have a depressing impact on wholesale broiler parts prices, but this may be offset by a strong export market and a generally improving domestic economy. Prices for whole birds averaged 1.09 per pound during the second-quarter of 2013, 28 percent higher than a year earlier. The increase in broiler meat prices also held good for a number of other breast meat products. Prices for boneless/skinless breast meat (food meat from the chest of an animal, especially from a chicken or other poultry) in the North east market averaged 1.89 per pound in June, 37 percent higher than the previous year, and prices for breast meat with ribs were 1.44 per pound, an increase of 28 percent from a year earlier.

Prices for leg meat products have also risen, although not as much; leg quarter prices in June averaged 0.53 per pound, an increase of 2 percent from a year earlier, and prices for boneless skinless thighs and whole thighs were 11 and 12 percent higher. The
only broiler part that was down significantly from the previous year was wings at 1.48 per pound, a decrease of 18 percent.

Broiler meat stocks at the end of May 2013, totalled 651 million pounds, 8 percent higher than a year earlier. While the total overall stocks of broiler meat products were higher, the year-over-year difference in cold storage stocks varied widely for different broiler parts. Stocks of whole birds, leg quarters, thighs, and wings were all higher, while stocks of breast meat, drumsticks, legs, thigh meat, and “other” products were all down significantly. Stocks for whole birds were 14.4 million pounds, an increase of 6 percent from the previous year. Stocks of leg quarters rose by 42 million pounds from the previous year to 148 million pounds, an increase of 39 percent. Stocks of wings increased the most, jumping up by 50 million pounds, 121 percent higher than at the end of May 2012. Since the beginning of 2013, stocks of breast meat have fallen by 3 million pounds and this decrease has been reflected in stronger wholesale prices over the last several months. Wing stocks have been rising steadily in 2013, from 60 million pounds at the end of January to over 90 million pounds at the end of May. During this time, wholesale prices have generally been falling, but in the last several weeks wholesale prices for wings seem to have bottomed out and have begun to rise.
Cold storage holdings of broiler products are expected to gradually decrease. While broiler meat production on a year-over-year basis is expected to be higher, which would normally tend to increase stocks, it is expected to be offset by a strong export market and a gradually expanding domestic economy. Overall, broiler stocks are expected to slowly decline until the end of the third quarter and then rise to 635 million pounds by the end of the year, still 2.5 percent lower than the previous year.

Turkey meat production totalled 508 million pounds in May 2013, down 2.3 percent from a year earlier. The decrease in May was the result of a decline in the number of turkeys slaughtered, down 4.5 percent from a year earlier to 21 million birds. This sharp decline was partially offset by an increase in the average live weight at slaughter to 30.6 pounds (up 2.4 percent). The decrease in the number of turkeys slaughtered is expected to continue in the future months as there have been large scale reductions in the number of poultry placed for grow out over the last several months.

Over the first 5 months of 2013, turkey meat production has totalled 2.5 billion pounds, 1 percent above the same period in 2012. However, the year-to-year increase in turkey meat production has been declining almost steadily since the beginning of the year. The average live weight for turkeys at slaughter during the period of
January to May period was 31 pounds, 2 percent higher than in the same period in 2012. The cumulative number of birds slaughtered through the first 5 months of 2013 totalled about 100 million, a decline of 1 percent.

Although grain prices are expected to decline towards the end of 2013, turkey meat production is expected to be below earlier levels in both the third and fourth quarters of the year. The turkey meat production estimates for the third and fourth quarters of 2013 were both lowered by 25 million pounds, largely the result of lower estimates of the number of turkeys that will be available for slaughter in the second half of 2013. Partially offsetting this decline is an expected increase in average weights.

At the end of May, cold storage holdings of all turkey products totalled 520 million pounds, up by 4 percent from a year earlier. The increase has been due to higher stocks of whole birds, up 12 percent, and lower cold storage holdings of turkey parts, down 4 percent. Cold storage holdings of whole turkeys totalled 286 million pounds, and holdings of turkey parts were 233 million pounds.

The cold storage holding of whole birds varies widely by sex, with stocks of whole hens at 133 million pounds down 3 percent from the previous year and stocks of whole toms at 153 million pounds, 28 percent higher than at the same time in 2012. The decrease in turkey
parts in cold storage has occurred as production has declined relative to the previous year while the export market has remained relatively strong.

The majority of the decline in cold storage holdings for turkey products is due to a strong decline in stocks of legs. At the end of May, cold storage holdings of turkey leg products totalled 13.2 million pounds, over 40 percent lower than a year earlier. Stocks of breast meat were also lower. Stocks of turkey products (whole birds and parts) are expected to follow the normal seasonal pattern of increasing through the third quarter and then declining during the peak demand period in the fourth quarter. With lower production expected for the second half of 2013, turkey stocks for 2013 are forecast at 300 million pounds, about 1.4 percent higher than a year earlier.

2.6. EXPORT OF INDIAN POULTRY

India has a marginal presence in the poultry export market though the Middle East and Africa provide strong potential. India’s poultry export is marginal with current exports estimated at less than Rs. 500 crores annually. India’s poultry exports are dominated by table eggs, mainly to the Middle East and Africa, with minimal sales of processed items. Intermittent outbreaks of bird flu in pockets of India since 2006 have hampered exports. Further with domestic demand outstripping supplies, manufacturers were not required to look
toward the export segment. Outbreak of ‘bird flu’ in one corner of the
country affects export of poultry from the whole of India, as India is
considered as a single zone for disease out breaks. Bird flu cases
occur frequently after a gap of six to eight months and the industry
has been urging the government to mark out bird flu-prone areas to
avoid any ban on poultry products in case of an isolated outbreak.

With India becoming one of the largest poultry producers and
increasing investments in processed chicken manufacturing along
with focus on improving cold chain infrastructure, the Middle East,
Africa and SAARC nations provide strong potential for export. Further
value added items like egg powder and SPF egg are already well
excepted in European markets though production for these items
remain limited. The poultry sector is expected to remain focussed on
the domestic market. Of late, the poultry industry exports 17.5 lakhs
in eggs and 9 lakhs egg powder to foreign countries. Yellow and white
powder are also exported to other countries.

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 prevent US poultry and poultry product exports to India and prevent almost all imports from other regions. 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 other countries reporting either low pathogenic or high pathogenic modifiable avian influenza. The most recent Gazette of India notification on the prohibition of poultry and poultry product imports from avian influenza reporting countries is available on the web site of the Department of Animal Husbandry, Dairy and Fisheries and can be accessed at the 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 web site.

2.7. FOREIGN DIRECT INVESTMENT IN THE POULTRY FARM INDUSTRY

Presently 100% Foreign Direct Investment (FDI) is permitted in the food processing sector. Also FDI in food retailing, covering dairy, poultry, marine, vegetables and fruits might help the entire food processing industry grow. Poultry farming in India has transformed from a mere tool of supplementary income and nutritious food for the family to a major commercial activity generating the required revenue. The growth of the industry with a steady production of 1,800 million kg of poultry meat, 40 million eggs per year and generation of employment for about 3 million people indicates the future prospects of the industry. Changing food habits, rising income of the middle class Indian, the presence of private players, the rising market demand for the Indian poultry produce in the export market are some of the contributing factors to the growth of the Industry.

FDI in poultry production inputs is most common in the area of pharmaceuticals, as most of the companies operating in India are multinational corporations or Indian joint ventures with multinationals. Although some items are imported, most drugs and
vaccines for poultry are produced in India. The major Indian feed companies are owned by India. Two foreign companies, Japfa from Indonesia and CP from Thailand, now have feed operations in India, but they do not account for major market shares. Most poultry equipment, including feeders, waters, and climatic controls, is produced by proprietors. Some equipment, however, is imported and some items are produced in joint ventures with foreign companies.

2.8. MARKETING PERSPECTIVE OF POULTRY PRODUCTS

India has achieved a fair degree of success in breeding, feeding, management and disease control areas of poultry production. However, the most important component of broiler production i.e. marketing is still lagging far behind. Here are a few guidelines for profitable marketing. It is important that the broiler farmer in the first place is efficient, so as to remain viable and profitable in a competitive market which is subject to heavy fluctuation. Profitability is improved by:

i). minimizing production cost/kg, and
ii). maximizing sales realization/kg.

The broiler farmer must look at direct marketing which can

a. increase his profitability; and

b. insulate him from the often artificial fluctuation in wholesale prices.

The broiler farmer can enter direct marketing in several ways:
2.8.1. OWN RETAILING

This is perhaps the best bet that the broiler farmer today must consider. The infrastructure required is for a minimal number of birds which can be sold at the weights preferred by the market, live or dressed. Thus the profitability of the unit can be vastly improved. A further advantage of this system is that it enables the farmer to do direct promotion for broiler meat, to consumers, to get a better price.

2.8.2. CONTRACT SUPPLIES TO HOTELS, INSTITUTIONS AND COLD STORES

A contract for supply has the great advantage of taking care of the farmer’s marketing problem. However, the rate and the period of the contract need to be carefully considered to ensure that the best terms are obtained. Before arriving at the rate, factors such as current average rate, growth of production, seasonal fluctuations and expected market rates need to be taken into account. Some innovations in broiler marketing can expand the market and make it more competitive.

2.8.2. A. PART CHICKEN

Today the house wife can order 1/4 kg or 1/2 kg meat according to her budget and the size of her family. On the other hand, the average weight of a dressed broiler is 900 g to 2 kg which is generally sold whole. If the bird is cut down the middle into 2-4 parts,
with the neck in one section and giblets in another, it will make half kg packs of chicken that would suit couples, single persons or low budget consumers. This has already been introduced in certain areas and has resulted in a marked increase in the sales of broilers.

2.8.2. B. CUT UPS

The concept of cut ups is already in practise in certain cosmopolitan markets. The prime bits i.e. legs and breast are sold separately at premium rates that could be as high as Rs 10 per kg more than the normal rate. The rest of the chicken i.e. wings and neck and back can then be sold at highly reduced rates. Prime bits find a ready market in luxury hotels and affluent residential areas and the rest can bring chicken within the reach of the low income group, resulting in an increased demand for chicken.

2.9. MARKETING CHANNELS

Broadly, there are 4 methods of marketing: indirect marketing, direct marketing, integrated marketing and co-operative marketing. There are different channels through which eggs are marketed, such as producer to consumer, producer via retailer to consumer, and producer via co-operative agency to consumer.
Common marketing channels

The efficiency of marketing channels is reflected in the share received by the producer and the price paid by the consumer. Though there are commonly adopted channels direct marketing has its advantages. In this system producers directly sell their produce to the consumer and gets 100% profit. In producer to consumer via retailer channel, about 12 to 17% of the price paid by the consumer is retained by the retailer, while in the system via wholesaler and retailer about 25% of the total price paid by the consumer is to be added to the marketing cost as the number of intermediaries involved are many. Therefore, the channel through which producers get their
appropriate share of the profit in the sale of eggs as well as the consumers get eggs at a reasonable price is the best channel.

2.10. PROGRESS OF POULTRY IN INDIA – STATE WISE REPORT (2012-2013)

Coimbatore-based Suguna Poultry Farm Limited (SPFL), one of the largest producers of poultry broilers in the country, is planning to set up a ready-to-eat chicken products plant in Bangalore. The company will start work on the unit by the end of January 2012 and commence production in the next one-and-a-half to two years. The proposed plant, which will entail an investment of Rs. 250 million, will have an annual capacity to make 300 ton of ready-to-eat products like chicken popcorn, nuggets, fried chicken and biryani. The company is expanding its retail presence, primarily in south India. Right now, it has 85 Suguna Daily Fresh retail outlets, which offer fresh chilled chicken and ready-to-eat grilled chicken, and is planning to open 500 more franchisee-owned outlets in cities like Bangalore Chennai and Kerala in the next financial year. Coimbatore-based Rs. 40 billion Suguna Poultry Farm Ltd launched a cold storage facility at Trichy which is operated by the stockiest -Wamika Fresh Foods.. The facility has been built on a 450 sqft area, with a capacity to store 25 tons of meat at any point in time.


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Source: A Record of National eggs coordination committee, Namakkal zone. (2012)

The table 2.2 shows the major eggs production in Andhara pradesh 2007-2012 there were 17000 to 21000 lakhs of eggs, Tamilnadu 2007-2012 there were 7000 to 12000 lakhs of eggs. Maharastra, Haryana, Punjab, Karnataka and Orissa states are production medium. The Kerala was 2007-2012 there were 2000-2950 lakhs eggs and Gujarat 2007-2012 there were produced 1500-2450 lakhs eggs.
CHART NO.2.2

PRODUCTION OF EGGS IN MAJOR STATES

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Venkateshwara Hatcheries, the leading poultry firm based out of Pune, has opened two Venky’s X-press joints that sell only ready-to-eat egg and chicken products. It has announced huge investments to set up a chain of 100 such outlets across the country in the next few months. It tied up with a UK-based firm for advice on the product and how to enhance sales. Putting behind violent protests against its entry in the mid-1990s, The American restaurant chain Kentucky Fried Chicken, better known as KFC, has thrived on the growing fascination for fast food among the Indian middle class to chart a major expansion plan in the country through small-town penetration and innovative products. Like its other American peers the chain has also started tweaking its classical chicken recipes and introducing new ones like fiery grilled chicken and vegetarian dishes to suit Indian food habits.

KFC expects to ramp up its restaurants in India to 500 by 2015. Notwithstanding reports of four outbreaks of bird flu, India registered 10 per cent growth in broiler production in 2011 to 2.9 million tons, says a report. The United States Department of Agriculture (USDA) has projected that the growth trend would continue in 2012, when the production of broilers will reach 3.2 million tons in India. Consumption of poultry and egg will continue to grow as well and is expected to double by 2015, the report said. The report estimates India’s per capita consumption of poultry meat at
around 3 kg per annum with chicken as the preferred non-vegetarian option. India’s per capita consumption of eggs is estimated at about 53 per annum.

The Bangalore-based Project Directorate on Animal Disease Monitoring and Surveillance (PDADMAS) has developed a Web-based interactive software to predict livestock diseases two months in advance in the country. PDADMAS functions under the Indian Council of Agricultural Research (ICAR) and has been forecasting animal diseases. Premier Australian fast-food chain Country Chicken launched its first outlet in India in Coimbatore in mid-January (2012) and is expected to become fully operational in the middle of next month. With 300 such outlets planned across India by 2015 - 80 per cent in tier II and III cities - including franchisees, the company would invest nearly Rs. 2 billion for expansion over three years.

2.11. POULTRY INDUSTRY IN TAMILNADU

In recent days Poultry farming has become an important profession in our country. The changes it has undergone in the past few years are quite surprising. There are lots of chances for improvement in this field. With the help of sophisticated instruments, the production of poultry products can be increased. Another major aim is to eliminate unemployment and provide gainful employment to the rural people of Tamil Nadu. Poultry farming acts as a
supplementary occupation to a large number of farmers, labourers and others, not only in the rural area but also in the urban environment. It has attracted graduates, professionals and as many farmers as possible to start poultry units as an additional income. Qualified veterinary doctors and even some trained businessmen have entered this field.

Today, the poultry industry in Tamil Nadu has reached a very sophisticated level. It has one of the highest rates of productivity and marketing. The rate of growth in the broiler industry and the number of eggs produced per layer in poultry development fund and support professional bodies. Long term growth prospects continue to remain favourable though high feed prices and volatile realizations resulted in depressed profitability in 2012. In Tamil Nadu, the prominent areas of Poultry farming are Namakkal, Palladam, Rajapalayam and Srivilliputtur. However, this profession has not spread widely throughout Tamil Nadu although any place and any climate can suit poultry farming. There are lots of chances for improvement in this field. Poultry sector plays a pivotal role among the sub-sectors in the role of animal husbandry and in the process of the economic development of the rural areas. The Indian Poultry Sector with 7.3 per cent growth in poultry population, has witnessed one of the fastest annual growth of about 6 per cent in eggs and 10 per cent in meat production over the last decade amongst all animal based sectors. The
high growth has placed India at 3rd position in Egg production and 5th in Chicken meat production on global basis. Even with this development, the per capita availability is only 53 eggs and 2.3 kg of poultry meat against the recommended levels of 180 Eggs and 11 kg of meat per annum.

Tamil Nadu is leading the states in broiler production with a record production of 397 thousand tonnes in 2009-10. Tamil Nadu ranks second in the country’s egg production with a production of 10.8 billion eggs. Tamil Nadu accounts for 17.71 per cent of the poultry population of the country. More than 90 per cent of poultry or poultry products exported from India originates from Tamil Nadu. At present poultry concentration is restricted to certain poultry belts such as Namakkal, Erode and Coimbatore. Poultry keeping has evinced great interest among poultry farmers. There is good potential for export of eggs, egg products and frozen chicken meat from Tamil Nadu to the Gulf countries, Russia etc. Further, due to the changes in consumption behavior of the people in the state towards country chicken and country eggs, there is great scope for the development of backyard poultry. Animal husbandry is still mainly in the hands of small and marginal farmers and landless labourers. Though poultry farming has developed into an industry, eco-friendly backyard poultry rearing is a profitable enterprise in providing a regular income to the poor people in villages and ensuring nutritional security. It still
continues to be the livelihood proposition of several poor farmers in the rural areas and contributes 3.5 per cent of the total egg production in the state.

2.12. PROFILE OF THE STUDY AREA

Namakkal district was separated from Salem District on 25th July 1996. It is functioning from 01-01-1997. It consists of 5 Taluks namely Namakkal, Rasipuram, Tiruchengode, ParamathiVelur and KolliHills. The district is bounded by Salem on the north, Karur on the south, Trichy and Salem on the east and Erode on the West. The Geographical area of the district is 3363, 35 K.m. It lies between 11° 00' and 11° 36' North Latitudes and between 77° 28' and 78° 30' East Longitudes, covering an area of 3363 Sq. km. As per the 2001 census, the total population is 14,95,661 which include 7,60,409 males and 7,35,252 females.

Agriculture is the main occupation of the people of Namakkal district, who are engaged in the cultivation of rice, millets, cereals, pulses, sugarcane, groundnut, gingely, and cotton.

For Administrative purposes the district has been divided into 2 Revenue Divisions, 5 Taluks, 30 Revenue Firkas. For local arrangements, the district has been divided into 5 Municipalities, 15 Panchayats Unions, 19 Town Panchayats and 322 Village
Panchayats. Since it produces the majority of eggs sent to the other parts of our country, it is also called “Poultry Town”. As it contains quite a number of poultry farms it is also now as known the “Egg City”.

The Rock Fort in Namakkal is a Special feature of the town. The Fort covers an area of One and half acres of flat surface and is accessible from south west by a flight of narrow steps. Namakkal was in the hands of Atikula King called Gunasila who had married with pallavadynasity. Later the Taluk was ruled by the cholas in the Kongu Mandalam which has over run by the cholas in the 9th Century and passed on the Vijayanagar under the Viuroyultry of Madura. Namakkal was held by Killedhar (Caption) on Hyder Ali Unit was Captured by the British in 1768.

The Northern portion of Namakkal are mountainous and the southern areas are plains. The Chief rivers run through the district are Cauvery, Aiyaru, KaripottanAaru and Thirumanimutharu. The Cauvery flows south and south west hugging the border.

The Garden of Namakkal District is Kollihills which is governed by Panchayat union, comprising 16 Village Panchayats are called’ Nadu with an area of 371.03 SqKms. And 1300 Mtrs. above Sea level. In kollihills the Malaiyalis are the prehistoric tribals. ‘ValvilOri’ the king of KadaiYeluVallal was ruled this hilly area. The famous Siva
temple Arappaleeswarar was originally a retreat of the jain Monks prior to its Hindusation. The another famous Water Falls namely, ‘Agash Ganga’ situated near the Temple.

Namakkal finds a place of importance in the map of India because of its Lorry body building industry, a unique feature of the town. More than 150 Lorry body building work shops and with a number of subsidiary industries of auto body works are operating since 1960’s. There are Lorries, Trailors and L.P.G. Tanker Lorries are in Namakkal district. Therefore it is called as ‘Transport City’. Namakkal is the major producer of Egg in Southern Region. Hence, called as ‘Egg City’.
The famous Tamil Poet” Namakkal Kavingnar Ramalingam Pillai” was born in this district. In the memorize of the poet the state government established an arts and science college for women. One of the most famous Government Veterinary College is also situated near by Namakkal Town . More and more private educational/technical institutions are coming up in recent years which is blossom for the district. The Famous Anjaneyaswami Status which has its hight of 6.7 Mts. Was built in 996 AD. The Narasimma Samy Temple along with Amman Temple are situated behind the west of the Rock Fort in the Heart of the town.
Rasipuram is another important taluk in Namakkal District. The Chief industry of the town is weaving. Puttunoolkarar who belongs in Sourastra Community lives in large numbers in this town together with kaikolar. They are weaving Cotton Cloth and silk Sarees. Another important aspect in the taluk is the Sago production. Nearly 176 Sago factories are located in and around the Rasipuram Taluk. Sago and Starch production in this area are exported to other countries Ghee production is also famous in Rasipuram Taluk.

Tiruchengode is a town of cultural and historical importance. In the 19th Century, it was the Home of the Tamil Academy called ‘PulavarSangam’. Nearly 37 spinning mills and more than 10,000 Power looms are functioning in this area. One Sugar mill and one Paper mill were functioning under Private Sector. Tiruchengode is famous for Rig Vehicles More than 2,000 Vehicles were engaged in digging of borewells all over India. The Large no of powerloom and handloom industries were functioning in this Taluk., Arthanareeswarar temple in Trichengode is one of the Pilgrimage center.

The famous Cauvery River flows in Paramathi Taluk. It helps more Irrigation of lands in Paramathi and Mohanur Blocks. The
Mohanur Co-Operative Sugar Mills is also situated in Paramathi Taluk in Mohanur Block.

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Agriculture is the main occupation of the people of Namakkal district, who are engaged in the cultivation of rice, millets, cereals, pulses, sugarcane, groundnut, gingely, and Cotton. The famous tourist places of Namakkal district are: Kolli Hills Water Falls, KavingerRamalingamPillai's House, Namakkal Dhurgam Fort, Aiyaru River, Tiruchengode Malai, Arthanarilsvarar Koil, Kailasanathar Koil.

2.13. PROS & CONS OF POULTRY FARMING INDUSTRY IN NAMAKKAL DISTRICT

2.13.1. POTENTIAL OPPORTUNITY:

1. The Utilization of Information Technology to enhance the front Office and back office operations as well as key areas such as processing, marketing and distribution

2. Access to funding programmes such as Mafisa and the National Empowerment fund
3. The increasing per capita consumption of eggs

4. The increasing population of South Africa and double income families will be an opportunity for the business

5. The reduced interest rates will mean lower costs incurred as a result of borrowed money

6. Government support of the Poultry Industry as it is one of the industries that is considered to be ‘feeding the nation’

7. Increased emphasis on women and youth as demonstrated by financial and non-financial support by agencies such as The National Youth Development Agency.

8. Increased small business support as demonstrated by the increase in small business support forums, Small Enterprise Development agency and many more

9. The opportunity to supply poultry to government institutions such as prisons, colleges, departments and other government units will be an opportunity for the business
2.13.2. WEAKNESSES AND HAZARDS

1. The lack of advanced financial management skills.

2. The lack of a comprehensive understanding of the strategic planning framework.

3. Lack of trained human resource in the field of poultry farming and livestock disease prevention and control.

4. The lack of a comprehensive marketing strategy and plan.

5. The lack of funding to procure equipment and other assets.

6. In Proprietary business, the owners lack funds to invest, hence they have to borrow from other sources.

7. Compliance with various acts and laws such as the Livestock Improvement Act, Occupational Health and Safety Act, Labour Relations Act and the Basic Conditions of Employment Act.

8. The threat from well-established competitors such as Chubby Chicks, Rainbow Chicken and many more.

9. The threat from rising electricity prices. Eskom will increase electricity prices by at least 24.8%. This is a threat to the industry as its operations will be more costly and thus force the project to pass on the additional costs to consumers. This is a
threat to the project as it can result in reduced sales and profits.

10. Indirect competition emerging from commercial and other small players in the industry.

11. The intensity of rivalry amongst players.

12. The threat from suppliers – in the case of feed, there is a threat of rising feed costs.

13. The threat from substitutes or alternative protein rich food.

The threat from changes in customer preferences as well as the fact that eggs are generic products that customers can buy from other food stores.