Over the last two decades the value of meat output has been increasing at a rate of about 6 percent a year and contributes more than 17 percent in total value of livestock output. Rising demand for meat has been the driving force behind it. Most of the meat output is consumed domestically (96%), yet per capita meat consumption in India is much less (5 kg) as compared to developed (77 kg) and developing countries (27 kg). However, demand for meat is expected to grow faster with sustained economic growth, rising per capita incomes, strengthening urbanization trends and increasing awareness of the nutritive value of meat and meat products.

Trade liberalization too is opening up opportunities for export of meat and meat products. At present only about 4 percent of the total meat produced is exported, which accounts more than 90 percent of the total livestock sector export earnings. Buffalo and sheep meat constitutes the bulk of the meat export. There is a rising demand for buffalo meat in the East Asian countries and India has sufficient potential to produce buffalo meat. Similarly, there is a prospective export market for goat and sheep meat in the Middle East countries. Meat is also a major item of export to correct balance of trade deficit in India’s livestock sector trade. India was net importer of livestock products during 1980s, which has become net exporter during 1990s due to increasing exports of meat and meat products and significant decline in imports of milk and milk products.

The growth of meat industry in India is constrained by various socio-cultural and economic factors at different levels of meat production, processing, handling and marketing. Meat yields of most of the animals are abysmally low. The average meat yield of cattle, buffalo, sheep, goat and pig
is lower as compared to many developed and developing countries. Traditional slaughter practices are still in vogue. Slaughterhouses are old, unhygienic and lack basic facilities like water, light, ventilation, drainage, waste disposal and effluent treatment. These contribute to poor meat quality and low recovery of various by-products such as hides, blood, bonemeal, internal organs and trimmings.

Although the level of meat processing is extremely low it has been increasing over time. The growth in processed meat was 3.3 percent in 1980s and 12.8 percent in 1990s. However most of this growth was driven by input growth. The contribution of technology was negligible during 1980s as well as 1990s. The industry was technically efficient under variable returns to scale during this period. On the other hand there was considerable underutilization of the installed capacity during 1980s. Over time the capacity utilization has improved, that may perhaps be due to rising trends in the exports. This had a significant positive impact on labour absorption as well as labour productivity. While the capital investment in industry improved, capital productivity almost remained stagnant.

In the light of above observations, the importance of a study of growth and efficiency in meat processing cannot be overemphasized. This is particularly important in India because meat sector is important in terms of its contribution to total value of livestock sector, exports, and food and nutritional security. It is expected that ongoing process of economic reforms will fuel growth in meat processing sector. Technology will be key to improvement in growth and efficiency in meat processing sector. Empirical evidences on contribution of technology to growth of meat processing industry are scarce. However, the evidences from food industry as a whole indicate varied contribution of technology to growth of food processing industry. The proposed study will provide feedback to industries as well as
policy makers to redesign the strategies to maximize benefits of our rich and varied livestock wealth.

This presentation has been organized in the following order. Chapter one describes the methodological details and data used. A brief overview of the livestock sector in India is presented in chapter two. The structure and performance of meat industry is discussed in chapter three. Chapter four examines the global prospects for meat exports from India. A paper entitled "Export Competitiveness of Indian Meat Industry" from this chapter has been published in Indian Journal of Agricultural Marketing, (2001) Vol. 15 (3): pp 120-126. The contribution of technological change and technical efficiency to the growth of meat industry is examined in the following chapter. Chapter six attempts to identify constraints and policy issues relevant to meat industry. A paper from this chapter entitled "Indian Meat Industry: Potential, Constraints and Policy Interventions" is accepted to be published in forthcoming issue of "Productivity". The last chapter provides a brief summary of the study and some recommendations for promotion of meat processing industry in the country.