



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 8/23/2006

GAIN Report Number: IN6073

India

Livestock and Products

Annual

2006

Approved by:

Holly Higgins
U.S. Embassy, New Delhi

Prepared by:

Santosh Kr. Singh

Report Highlights:

India's CY 2007 beef exports are forecast to grow by 9 percent to 750,000 tons (CWE) on expected good demand from major importing countries. In response to strong export demand, beef production is forecast to increase to 2.5 million tons.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
New Delhi [IN1]
[IN]

Table of Contents

SECTION I: SITUATION AND OUTLOOK..... 3
Production..... 3
Production Policy..... 3
Consumption 4
Trade 4
Trade Policy..... 4
SECTION II: STATISTICAL TABLES 6
Table 1: Commodity, Animal Numbers, Cattle, PSD..... 6
Table 2: Commodity, Meat, Beef and Veal, PSD 7

SECTION I: SITUATION AND OUTLOOK

Production

India's cattle population¹ in CY 2007 is forecast at 282 million heads, marginally lower than the CY 2006 production. However, beef (mostly buffalo meat also known as carabeef) production is forecast to increase by 5.2 percent to 2.5 million tons on expected higher slaughter rates due to strong domestic and export demand.

Cattle numbers in the PSD table were revised downward to reflect the recently published Government of India (GOI) Livestock Census, (2003 data) and reported shrinking cattle population in recent years. According to the GOI Census, total cattle population in 2003 was only 283.1 million heads, significantly lower than the Post estimate based on historical trends. Tractors are now increasingly replacing bullocks (male cattle) in field operations, leading to a lower cattle population. Furthermore, dairy farmers are replacing low producing native breeds of cows with a smaller number of high milk-yielding crossbreds and buffalos². Higher milk yield, a premium for high-fat milk, and a ready market for male and unproductive buffaloes in the meat sector are also making buffaloes more attractive to farmers than cows.

Although cow slaughtering is banned in most states due to religious sensitivities, there are no such restrictions on slaughtering of buffaloes. Contract rearing of male buffaloes for meat production is becoming popular in several states. Some meat exporters are encouraging farmers to raise animals in feedlots as it improves meat quality and enables better prices. Livestock are typically slaughtered in municipal corporation (local bodies)-approved slaughterhouses and in some corner shops in small cities, to cater to the domestic market, where there is preference for fresh meat. There are a few large, modern slaughterhouses, with processing facilities, located in northern and western India mostly to cater to the export market.

The meat industry provides employment to 19 million people and contributes about 16 percent to total national income from the livestock sector, estimated at \$34 billion. Consumption of commercially produced compounded cattle feed, mostly by dairy cows, is estimated at 15 million tons in CY 2006.

Production Policy

The government programs in the animal husbandry sector are mainly focused on dairying, with very little emphasis on bovine meat production. Meat exporters have taken the prime responsibility of developing the sector with various outreach programs such as animal health management, nutrition, quality awareness, and marketing. This has helped to lower mortality rate among male calves and improve meat yields.

Government animal health management and disease control programs help carabeef exporters maintain disease free status for slaughter animals. In May 2005, India attained Rinderpest disease free status, which helped Indian exporters gain market access into some countries, where exports were previously prohibited. In its Tenth Five-Year plan (2002-2007), the GOI initiated a Foot and Mouth Disease (FMD) Control Program to create three

¹ Total cattle population includes buffaloes.

² Native breeds of cows have lower yield (1-2 liters/day) compared to crossbreds (8-10 liters/day) and buffaloes (5-8 liters/day).

disease-free zones, where major meat export processing units are located. However, some industry sources are skeptical about the success of this program as there are no movement restrictions of animals from other zones to the targeted disease free zones.

There are no direct export subsidies for meat exports. The Agricultural and Processed Food Export Development Authority (APEDA), a government export promotion agency, implements programs aimed at improving the hygiene standards of export-oriented slaughterhouses and meat processing units through inspection, certification, and animal healthcare. Since April 2006, the government only permits meat exports from such fourteen APEDA-approved facilities, which are HACCP and/or ISO 9000 compliant.

Consumption

Per capita annual beef/carabeef consumption is estimated at 1.5 kilogram compared with 1.8 kilogram in the case of poultry meat and 750 grams in the case of goat/sheep meat. Beef/carabeef, although lower priced than most other meats, is a religious taboo among some Indian populations. Poultry meat is the most widely consumed meat due to its wider acceptability among various religious groups and its increasing availability. Goat/sheep meat is also very popular among all communities due to its unique taste and texture, although its high prices restrict consumption. The current retail price of carabeef is about \$1.1 per kilogram, compared with \$1.9 per kilogram for poultry meat and \$ 3.9 per kilogram for goat/sheep meat. The domestic market for chilled and frozen meat (including beef/carabeef) is very limited due to inadequate cold chain facilities and a negative consumer perception about frozen meat.

Trade

CY2007 carabeef exports are forecast to grow by 9 percent to 750,000 tons (CWE) due to continued growth in demand from existing export markets, and the newly opened Pakistan market. CY2006 exports increased by 11 percent to 690,000 tons, with most of the increase confined to emerging markets in Africa (Angola, Congo, Gabon, Cote D' Ivories, Ghana) and CIS (Azerbaijan, Georgia, Uzbekistan), and traditional markets such as Malaysia, Philippines, and the Middle East. In October 2005, Pakistan permitted meat imports from India, leading to limited exports of frozen animal carcasses via land routes. Market sources indicate a 6 to 7 percent increase in Indian meat exports to Pakistan in CY 2006. Competitive pricing, increasing efforts by exporters to upgrade quality, and BSE concerns in the E.U. will continue to provide impetus to India's meat exports. Exporters are working to gain market access to Egypt and Indonesia, where Indian beef and carabeef are currently prohibited due to FMD concerns.

Trade sources estimate that about 90 percent of Indian carabeef exports is boneless, and the balance is shipped as carcass. Major markets for Indian specialty beef are Malaysia, Philippines, and Jordan. Smaller quantities are exported to the Middle East, Africa and CIS countries. Most beef exports to South Asian countries cater to the institutional demand for processed beef products such as sausages and salami due to the better water holding capacity and blending properties of carabeef.

Trade Policy

India prohibits imports of beef and beef products due to religious sensitivities. Imports of live animal are effectively banned through import licensing requirement due to quarantine concerns. Imports for breeding purpose are permitted, subject to import permits issued by the GOI's Animal Husbandry Department. Request for breeding animal import permits should be addressed to:

Joint Secretary (Trade)
Department of Animal Husbandry, Dairying and Fisheries
Ministry of Agriculture
Krishi Bhawan
New Delhi 110 001

Since August 2001, the GOI has banned imports of ruminants (cattle, buffaloes, sheep, and goat), embryos and ova, ruminant meat and meat products from TSE-positive countries.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Animal Numbers, Cattle, PSD

| PSD Table | | | | | | | |
|-----------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|
| Country | India | | | | | | |
| Commodity | Animal Numbers, Cattle | | | | (1000 HEAD) | | |
| | 2005 | Revised | 2006 | Estimate | 2007 | Forecast | UOM |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | |
| Market Year Begin | | 01/2005 | | 01/2006 | | 01/2007 | MM/YYYY |
| Total Cattle Beg. Stks | 330250 | 282500 | 332200 | 282300 | 336900 | 282000 | (1000 HEAD) |
| Dairy Cows Beg. Stks | 137000 | 125100 | 139000 | 126700 | 0 | 128300 | (1000 HEAD) |
| Beef Cows Beg. Stocks | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| Production (Calf Crop) | 48500 | 56500 | 49500 | 57000 | 0 | 57000 | (1000 HEAD) |
| Intra EC Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| Total Imports | 5 | 5 | 5 | 0 | 0 | 0 | (1000 HEAD) |
| TOTAL Imports | 5 | 5 | 5 | 0 | 0 | 0 | (1000 HEAD) |
| TOTAL SUPPLY | 378755 | 339005 | 381705 | 339300 | 336900 | 339000 | (1000 HEAD) |
| Intra EC Exports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| Total Exports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| TOTAL Exports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| Cow Slaughter | 1100 | 1200 | 1250 | 1200 | 0 | 1250 | (1000 HEAD) |
| Calf Slaughter | 3700 | 3700 | 3750 | 3800 | 0 | 4000 | (1000 HEAD) |
| Other Slaughter | 17500 | 17500 | 17800 | 18500 | 0 | 19250 | (1000 HEAD) |
| Total Slaughter | 22300 | 22400 | 22800 | 23500 | 0 | 24500 | (1000 HEAD) |
| Loss | 24255 | 34305 | 22005 | 33800 | 0 | 32500 | (1000 HEAD) |
| Ending Inventories | 332200 | 282300 | 336900 | 282000 | 0 | 282000 | (1000 HEAD) |
| TOTAL DISTRIBUTION | 378755 | 339005 | 381705 | 339300 | 0 | 339000 | (1000 HEAD) |
| Calendar Yr. Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |
| Calendar Yr. Exp. to U.S. | 0 | 0 | 0 | 0 | 0 | 0 | (1000 HEAD) |

Note: The cattle numbers in the PSD include both cattle and buffaloes. Various cattle number figures in the PSD table (cattle beginning stocks, dairy cow, calf crop, etc) have been revised lower based on the latest official livestock census report for the year 2003. Historical PSD estimates will be revised later.

Table 2: Commodity, Meat, Beef and Veal, PSD

| PSD Table | | | | | | | |
|-----------------------------|------------------------------|---------------------------|---------------------------|---------------------------|------------------------------|---------------------------|---------------|
| Country | India | | | | | | |
| Commodity | Meat, Beef And Veal | | | | (1000 MT CWE) (1000 HEAD) | | |
| | 2005 | Revised | 2006 | Estimate | 2007 | Forecast | UOM |
| | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | USDA Official [Old] | Post Estimate [New] | |
| Market Year Begin | | 01/2005 | | 01/2006 | | 01/2007 | MM/YYYY |
| Slaughter (Reference) | 22300 | 22400 | 22800 | 23500 | 0 | 24500 | (1000 HEAD) |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| Production | 2230 | 2250 | 2300 | 2375 | 0 | 2500 | (1000 MT CWE) |
| Intra EC Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| Total Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| TOTAL Imports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| TOTAL SUPPLY | 2230 | 2250 | 2300 | 2375 | 0 | 2500 | (1000 MT CWE) |
| Intra EC Exports | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| Total Exports | 620 | 624 | 675 | 690 | 0 | 750 | (1000 MT CWE) |
| TOTAL Exports | 620 | 624 | 675 | 690 | 0 | 750 | (1000 MT CWE) |
| Human Dom. Consumption | 1610 | 1626 | 1625 | 1685 | 0 | 1750 | (1000 MT CWE) |
| Other Use, Losses | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| TOTAL Dom. Consumption | 1610 | 1626 | 1625 | 1685 | 0 | 1750 | (1000 MT CWE) |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| TOTAL DISTRIBUTION | 2230 | 2250 | 2300 | 2375 | 0 | 2500 | (1000 MT CWE) |
| Calendar Yr. Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |
| Calendar Yr. Exp. to U.S. | 0 | 0 | 0 | 0 | 0 | 0 | (1000 MT CWE) |