



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 10/1/2007

GAIN Report Number: IN7094

India

Livestock and Products

Annual

2007

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Report Highlights:

Post forecasts CY 2008 beef production at 2.6 million tones, up by six percent compared to last year. Multiple uses for buffaloes and strong export demand for buffalo meat have driven the increase in buffalo meat production. Beef (Buffalo meat) is the largest meat segment exported from India and CY 2008 exports are forecast at 870,000 tons (CWE).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
New Delhi [IN1]
[IN]

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SECTION I: SITUATION AND OUTLOOK

Executive Summary

The Indian cattle population for CY 2008 is forecast marginally lower than last year at 281.7 million head, continuing the trend of marginal year-to-year declines. Beef production (largely buffalo meat) is forecast six percent higher than last year at 2.6 million tons. Growing export demand mainly to the Middle East, South East Asian and African countries, in addition to the advantage of rearing buffaloes over cows, are the major drivers for increased production of buffalo meat. Accordingly, the beef export (buffalo meat) forecast for CY 2008 is projected 8.7 percent higher than the previous year at 870,000 tons (CWE).

Government development programs for the agriculture sector have started targeting the livestock and meat sectors. The Eleventh Plan proposal, with a financial outlay of \$4.2 billion, emphasizes the development of the livestock, meat and dairy sectors in India.

Per capita beef consumption is estimated at 1.6 kilograms out of total per capita meat consumption of around 4.3 kilograms per year. Low relative prices of beef vis-à-vis other meats has been the major demand driver for increased beef consumption in the country. Post's forecast for CY 2008 beef consumption is 1.78 million tons, up by five percent from the previous year estimate. More than 90 percent of meat and meat products exported from India comprises buffalo meat.

The import of many livestock products is regulated under a restricted import list and importers of such items are required to obtain an import license from the Director General of Foreign Trade (DGFT), Ministry of Commerce and Industry. Additionally, imports of specific livestock items are prohibited from countries reporting Avian Influenza or other diseases like Transmissible Spongiform Encephalopathy (TSE) and Bovine Spongiform Encephalopathy (BSE) due to health concerns and the precautionary approach followed by the Indian government.

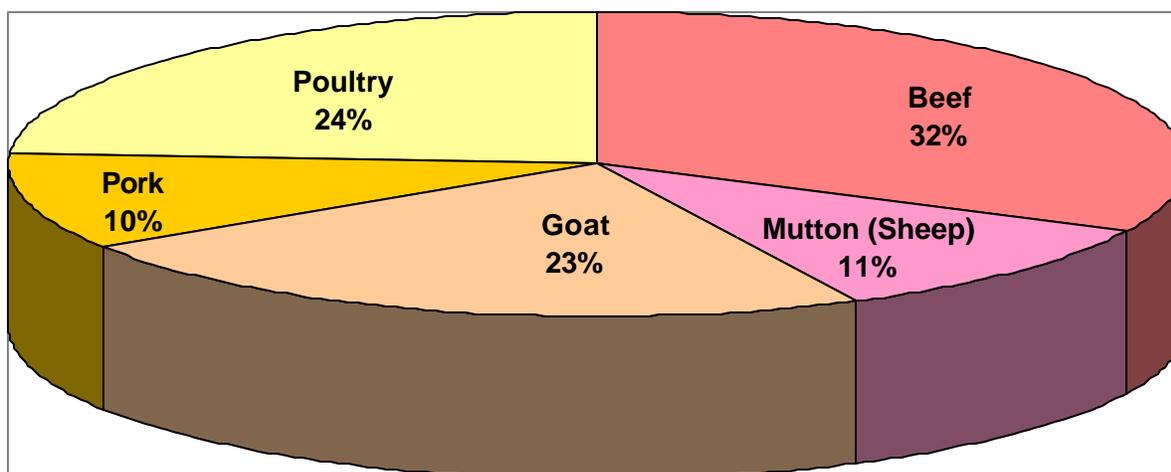
Production

Post forecasts the CY 2008 cattle population at 281.7 million head compared to last year's estimate of 282 million head. Dairy cow figures are revised downwards to reflect data published in the Livestock Census, 2003, published by the Department of Animal Husbandry Dairying and Fisheries (DADF). Beef production for CY 2008 is forecast to grow by six percent to 2.6 million tones. Demand for Indian buffalo meat is gradually growing in export markets due to its perceived organic nature and proportion of less fat. Indian exporters have been able to meet international demand by utilizing modern integrated abattoir and meat processing facilities and thereby developing quality assurance.

Animal slaughtering for domestic consumption is mainly carried out in slaughterhouses approved by the Municipal Corporation (local regulatory body) and small corner shops. According to the Animal Husbandry Statistical Database of the DADF, there are a total of 5,520 recognized and 4,707 unorganized slaughterhouses in the country. Livestock trading in India is done in livestock markets, which are regulated by state governments. Nonetheless, supervising direct operation falls in the purview of local authorities like municipal corporations. There are also some privately owned markets and the model Agricultural Produce Marketing Act (APMC) has a provision for running private markets. Currently, some state governments have either fully or partially adopted the rules of the APMC act.

India has the world's largest livestock population after Brazil. India's livestock production ranking in the world is first for buffalo, second for cattle and goat, and third for sheep, according to animal husbandry statistics of the DADF. According to the Economic Survey (2006-07), the livestock sector contributes 27 percent to India's agriculture production value and is one of the major sources of income for small and marginal farmers.

Indian Meat Production (Category-Wise Share)



Source: Animal Husbandry Statistics, DADF

Note: The data represents total meat production from the recognized sector only.

Buffaloes can be used for milk production, quality meat, and also as a work animal for small and marginal farmers. Small and marginal farmers in India mainly rear cows and buffaloes as this ensures a sustained means of income during the year. The milk obtained from buffaloes is high in fat and therefore attracts a premium in the Indian market, as consumers prefer high fat milk. Animal maintenance costs are also lower for buffaloes as compared to dairy cows. India has the world famous Murrah variety of buffalo, which has a high milk yield, is a hardy breed that easily withstands diverse weather conditions, and easily gains body weight on readily available green fodder. The buffalo carcass has less fat and bone and a higher proportion of muscle than an Indian cattle carcass. Additionally, buffalo meat, unlike cow and pig meat, has no religious taboos attached to it and is therefore freely consumed in the domestic market. Meanwhile, indigenous breeds of non-descript cattle have lower milk yields and cattle slaughter is not legally permitted in many states with the exception of Kerala, West Bengal and some Northeastern states. For these reasons, the growth rate for buffalo population has seen a growing trend compared to the cow population in the past several years.

The Animal Husbandry, like other agricultural sectors, is a state subject and therefore each state has its own set of rules and regulations. Some state municipal corporations either prohibit street slaughter or have imposed standards for meat marketing, hygiene and registration. However, much effort is still required to ensure complete implementation of the rules to further organize the meat industry.

Production Policy

A large segment of the meat production sector is still unorganized and production policies in the animal husbandry sector have initially remained focused on dairy development. However, due to increased interest from the meat industry, the government has started focusing on development of the meat sector. Additionally, most urban consumers are becoming quality conscious and demand clean and hygienically handled meat products. The DADF has submitted a financial assistance plan of \$4.2 billion for the Planning Commission of India under the eleventh five-year plan (2007-2012). The proposal for the 11th five-year plan for the livestock sector aims at achieving a cumulative growth target of six to seven percent for the dairy sector and five percent and ten percent respectively for the meat and poultry sectors. The higher growth targets are aimed at transferring the benefits to small, marginal and landless laborers who rear most of the livestock produced in the country.

The Ministry of Food Processing Industries (MFPI) has proposed a "Grant In Aid" scheme for the modernization of abattoirs, which is a high priority area. The modernization of abattoirs will be a comprehensive scheme scheduled for launch during the eleventh five-year plan across the country.

The processed meat sector has been regulated by the MFPI since May 14, 2005, through the Meat Food Products Order (MFPO), 1973 (<http://mofpi.nic.in/mfpo1973.pdf>). The MFPO lays out standards for licensing of meat processors by regulating production and the sale of meat products. It also enforces sanitary and hygienic requirements for the production of healthy meat products and ensures maintenance of strict quality controls at all stages of meat (including fish and poultry) products production. The Ministry of Health and Family Welfare (MOHFW) regulates both domestic production and importation of meat and meat products, through the standards laid out in Prevention of Food Adulteration Act and Rules (<http://mohfw.nic.in/pfa%20acts%20and%20rules.pdf>). Export of Raw Meat (frozen/chilled) is regulated by the Export of Raw Meat (frozen chilled) (Quality control and Inspection) Rules, 1992. However, with the new food safety and standards Act signed by the president in 2006 (<http://mofpi.nic.in/fsnstds.pdf>), a consolidated food law is expected to be implemented by the end of this year or soon thereafter. Accordingly, the MFPI is inviting suggestions and expert views regarding any amendments needed to the existing MFPO and its implementation. Any such feedback can be submitted to mofpi@nic.in.

The GOI regulates compliance with animal welfare and animal transport rules through the Prevention of Cruelty to Animals Act, 1960 (<http://envfor.nic.in/legis/awbi/awbi01.pdf>). The DADF is expected to soon unveil a comprehensive plan for farmers to promote rearing of male buffalo calves with venture capital funding from banks and financial institutions for the purpose of generating meat, hides, hoofs and horns.

The Government's management of disease control programs is carried out in buffalo rearing areas. The World Organization of Animal Health (OIE) declared India "Rinderpest free" in May 2005 and the government initiated a Foot and Mouth Disease (FMD) control program to create three FMD free zones, where export units are set to be located. The program is being carried out in 54 districts in the country to control the disease with 100 percent government funding to cover the cost of vaccines and supporting expenses. Manpower, infrastructure and logistical support is being extended by the respective state governments. The FMD Free Zones project was initiated with the aim of expanding exports to countries like those in the European Union (EU). Indian exporters are trying to target new markets like the EU, as the export potential of the major exporting countries (Brazil, U.S. and Canada) is constrained due to cases of FMD and BSE. The government has also initiated an eradication program for Contagious Bovine Pleuro Pneumonia (CBPP) in six districts of the state of Assam. According

to the DADF, the country has been provisionally free from CBPP since October 2003 and accordingly the government has submitted its report to the OIE to gain CBPP free status.

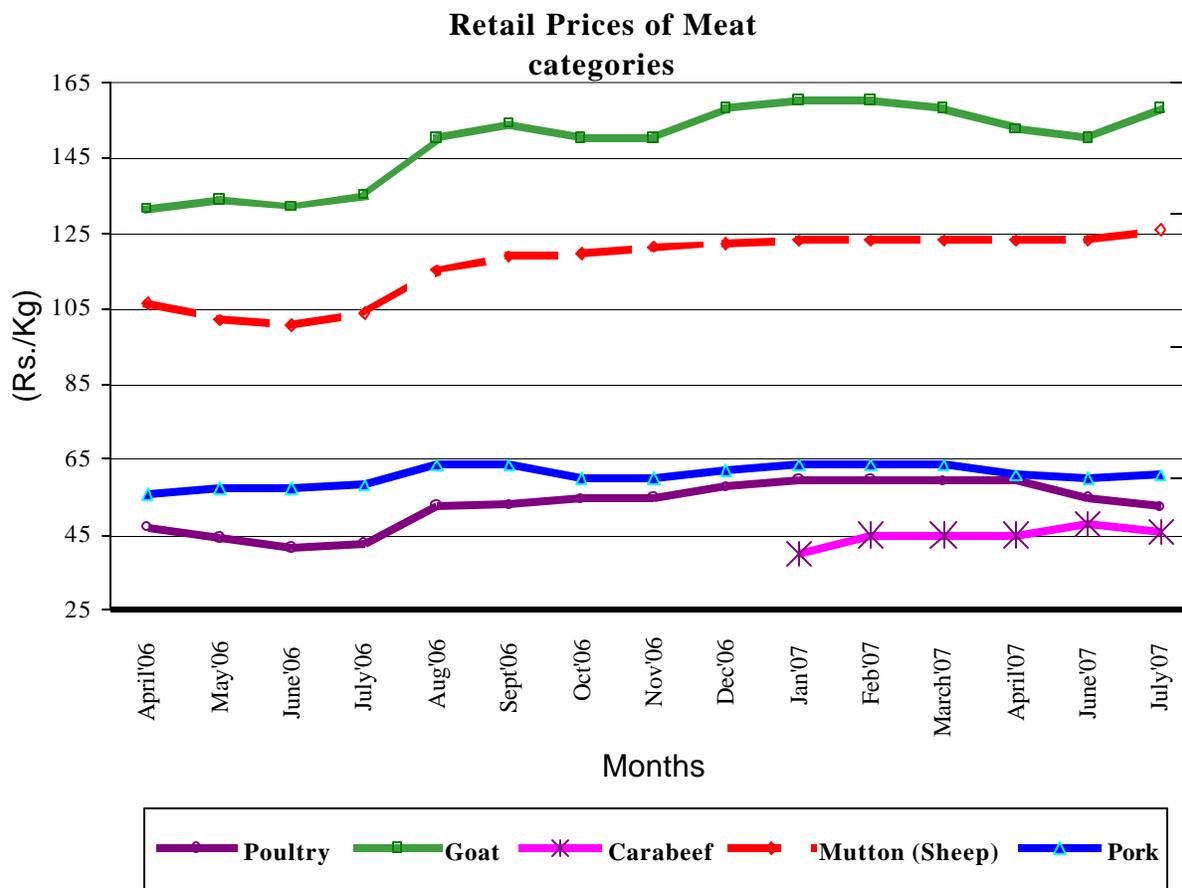
GOI's Germplasm Trade Regulations

According to the government, the increased spread of the breeding programs and an artificial insemination breeding network is expected to lead to increased demand for exotic germplasm for producing quality crossbred animals. The DADF has prepared guidelines for the export and import of bovine germplasm (<http://dahd.nic.in/trade/RGIEX.htm>) to ensure that a regulatory procedure is set up for processing applications received for the export and import of bovine germplasm. The DADF has recently released a final official gazette notification (<http://dahd.nic.in/trade/revise%20draft%20notification.doc>) on the sanitary conditions for the import of bovine semen into India. Both the DADF's health protocol and import guidelines are restrictive and will significantly raise the cost of imported semen. Therefore, many low-income producers will not have an access to high quality imported semen, which could benefit their herd health and production.

Consumption

Beef consumption in CY 2008 is forecast at 1.78 million tons (CWE), which is five percent higher than the CY 2007 estimate. The per capita meat consumption in India is estimated at 4.3 kg per year, which is far below the recommendation of 10.8 kg per year according to the Indian Council of Medical Research (ICMR). Per capita beef consumption is estimated at 1.6 kilograms compared to 1.8 kilograms for poultry meat. The Indian consumer is highly price sensitive and beef is currently the cheapest of all the meats available in the domestic market.

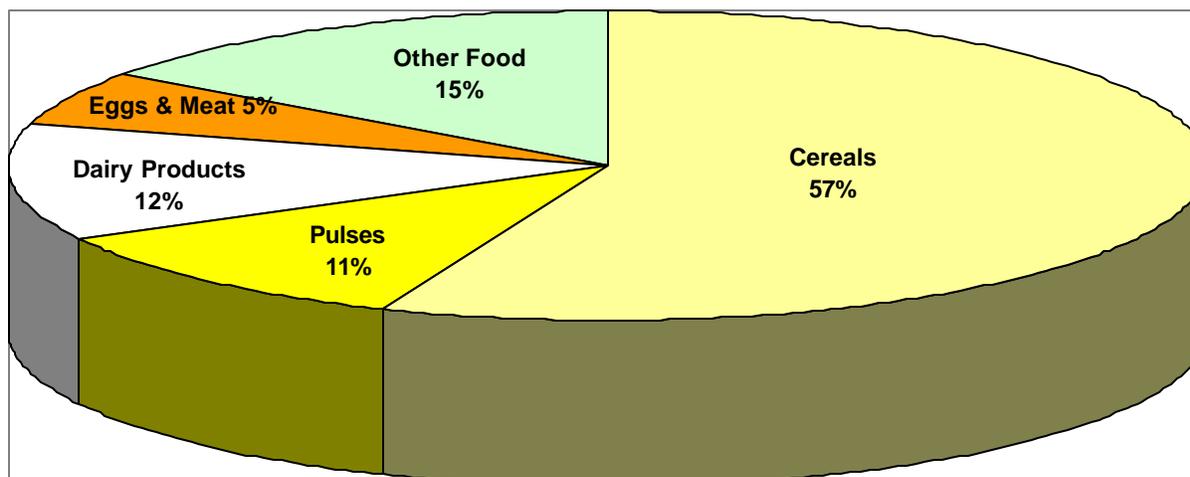
Goat and sheep meat has a small market share in total meat demand because of low production and high prices compared to other meats. Though the Indian consumer has a taste preference for goat and sheep meat, supply has not kept pace with demand and sheep and goat meats are the most costly among all meat categories. Meat prices have shown a noticeable price rise over the past several months for sheep and goat meat as compared to other meat categories. The GOI has accordingly imposed a ban on the export of sheep and goat meat; see trade section for further information.



Source: Directorate of Agricultural Marketing, Delhi.

Per capita consumption of meat in India is below world standards because there is a large segment of the population who are strictly vegetarian consumers (20 percent). Furthermore, cultural differences also guide categorical meat consumption. National Samples Survey Organization (NSSO) data shows that the share of eggs, fish and meat in total protein intake by the Indian population is only 4 percent in rural areas and 5.5 percent in urban areas. According to the Census of India, around 80 percent of the total population comprises Hindus, which don't consume beef and 13 percent Muslims, which don't consume pork. However, there are no religious sentiments attached to poultry meat, which is the most widely consumed meat. Nevertheless, the younger generation is changing their food habits to non-vegetarian foods and other processed foods and consequently domestic meat consumption has potential to rise further.

Commodity Proportion of Total Protein Intake



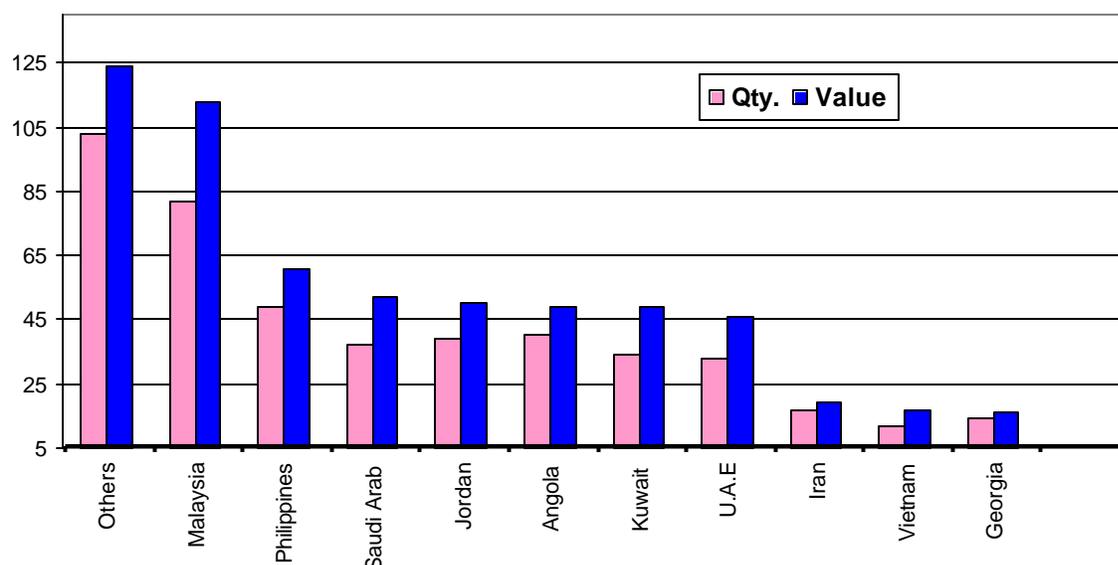
The Indian consumer prefers to buy fresh meat from markets because of the traditional preference for in-home cooking. Processed meat therefore is only a very small niche market domestically or is developed for exports. The lack of a sufficient cold chain infrastructure is also one of the constraints to processing. The entry of the big retail players in the Indian food industry is expected to give an impetus to processed meat consumption. Organized food retail players will be sourcing only hygienically packed fresh or processed meat products, which are expected to be in more demand than the meat currently sourced from unorganized meat shops.

Trade

The government allows buffalo meat exports from facilities promoted by the Agricultural and Processed Food Export Promotion Agency (APEDA), established under the Ministry of Commerce. Currently, there are around 25 such APEDA accredited export oriented units, which are HACCP and ISO 9000 certified. APEDA has a meat inspection council, which undertakes pre-shipment inspection of the export units in order to ensure that they meet the export standards and regulations of importing countries. Some meat exporters practice contract rearing of buffaloes (steers) for meat production. However, according to industry sources, integration in the meat sector (largely beef, mutton and processed meat) is limited as there are no well-defined government policies governing contract rearing of animals.

Indian buffalo meat and meat products are exported to more than 60 countries worldwide with Malaysia, Philippines, Saudi Arab, Jordan, Angola and the U.A.E being the prominent export destinations. Unlike buffalo meat, the export of dairy cow meat is prohibited in India.

India Bovine Meat Exports - 2005-06 ('000 Tons, \$million)

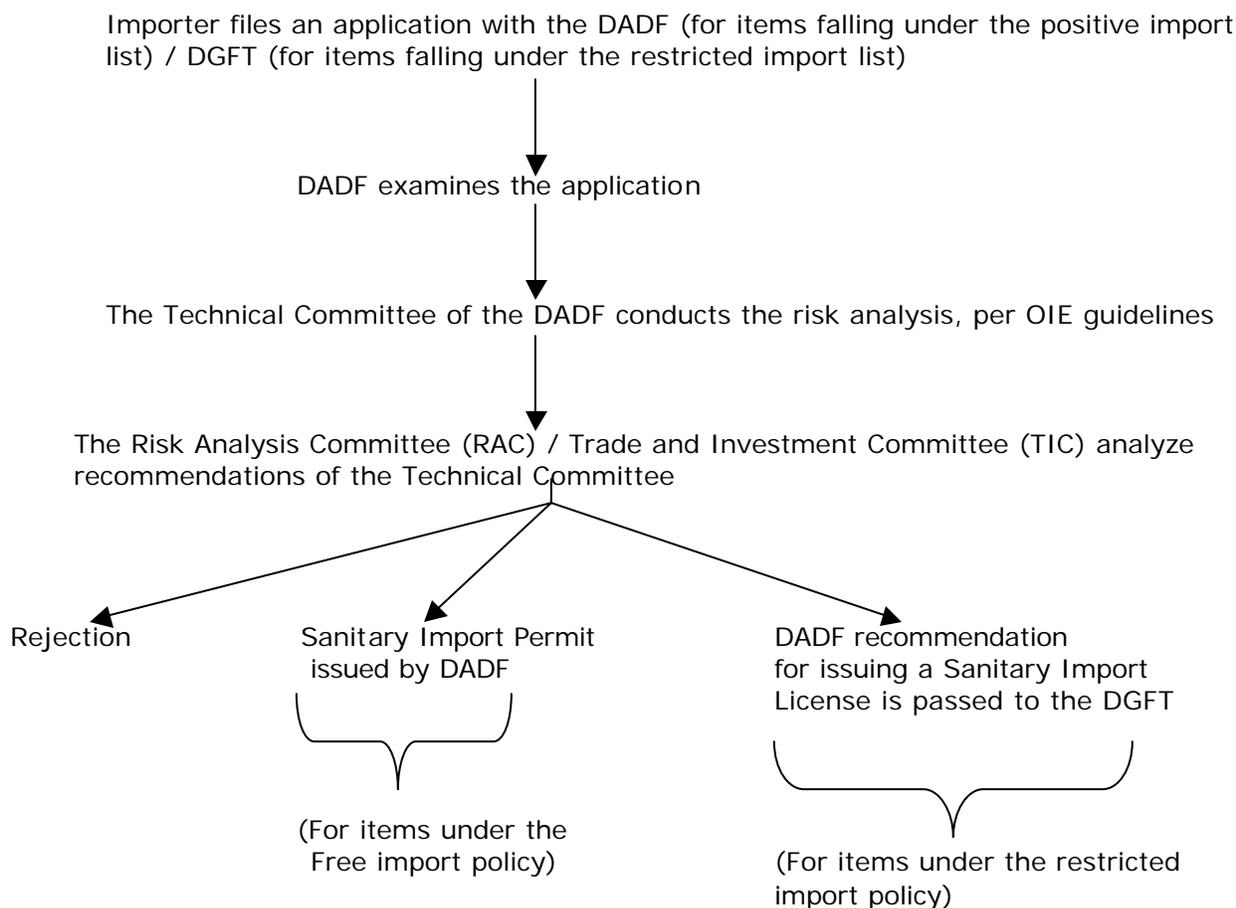


Source: APEDA, Ministry of Commerce, GOI.

Buffalo meat is the largest meat segment exported out of India and international demand for buffalo meat is growing. The buffalo meat share in total meat exports from India is more than 90 percent (in value terms) followed by a three percent share of sheep and goat meat. Exports of pork, poultry meat and processed meat are almost negligible. According to trade sources, the majority of the buffalo meat exports (90 percent) are believed to be boneless and the balance is shipped as carcasses. Malaysia, Indonesia and Jordan are the major markets for specialty and halal buffalo meat whereas some South East Asian countries have institutional demand for processed buffalo meat products such as sausages and salami.

Trade Policy

Livestock importation regulations are found in the Livestock Importation Act, 1898 and the procedure for the import of livestock products was notified by the Ministry of Agriculture (MOA) through an official gazette notification (<http://dahd.nic.in/order/livestockimport.doc>) dated July 7, 2001. For the import of livestock products, an applicant has to apply 30 days in advance in form A/B (given in the notification with the following link: <http://dahd.nic.in/order/livestockimport.doc>) for obtaining a Sanitary Import Permit. The sanitary import permit is issued after conducting a risk analysis based on the disease situation of the potential exporter.

Import procedure for livestock products:

Livestock items specified under the free category can be imported after obtaining a sanitary import permit (SIP) from the DADF. Imports of live animals, live poultry and meat of bovine animals are restricted through import licensing requirements due to sanitary concerns. The importation, exportation, manufacturing and marketing of livestock and livestock-related commodities, including vaccines, drugs and biologicals are regulated by the DADF. However, for livestock items falling under the restricted list, an applicant has to submit an application with the office of DGFT, which then consults DADF. The DADF forwards the proposals to the office of DGFT or the Drugs Controller of India (DCI) for issuing import licenses, as appropriate.

The RAC and TIC meet twice a month to consider and review applications (details of the composition of the RAC and TIC are available at http://dahd.nic.in/risk_analysis_committee.htm and http://dahd.nic.in/trade_and_investment_committee.htm, respectively). If an applicant is not satisfied by the decision taken by the RAC then a review of the decision can be requested by filing an application to the Joint Secretary (Trade). Applicants can also file an online application (<http://dahd.nic.in>) for SIP.

The GOI has prohibited importation of live ruminants (cattle, buffalo, sheep and goat), embryos, ruminant meat and meat products, and pet food from TSE positive countries. The details of this notification can be found at: <http://dahd.nic.in/trade/Notification170806.htm>

Furthermore, the GOI prohibits importation of specific livestock and livestock products (Poultry and poultry products, live swine and swine products, domestic and wild birds (including captive birds) and their products, semen of domestic and wild birds, products of animal origin (from birds) intended for use in animal feeding or for agricultural and industrial use, pathological and biological products from birds) from countries reporting the outbreak of Highly Pathogenic Avian Influenza (HPAI) and Low Pathogenic Avian Influenza (LPAI). The Official Gazette notification released by the DADF can be assessed at: <http://dahd.nic.in/trade/noti010807.pdf>. The related notification on this regulation has been notified to the WTO by the DADF with the notification number G/SPS/N/IND/46/Add.4, dated August 27, 2007. More details on the [GOI's regulation can also be seen in GAIN report IN7075, dated August 17, 2007](#).

The GOI issued an official gazette notification on February 20, 2007 prohibiting the export of sheep or goats meat (fresh chilled or frozen) because of increased domestic demand and rising prices. The details of the notification are available at: <http://dgftcom.nic.in/exim/2000/not/not06/not4606.htm>

Tariff Rate Table for selected Livestock Products

HS CODE	ITEM DESCRIPTION	BASIC	CVD	SPL CVD	TOTAL DUTY WITH 2+1%EC	IMPORT POLICY
01011010-01019090	LIVE HORSES, ASSES, MULES & HINNIES	30	0	4	36.136	RESTD
01021010-01029090	LIVE BOVINE ANIMALS	30	0	4	36.136	RESTD
01031000-01039200	LIVE SWINE	30	0	4	36.136	RESTD
01041010-01042000	LIVE SHEEP & GOATS	30	0	4	36.136	RESTD
01051100-01059900	LIVE POULTRY I.E. FOWLS OF THE SPECIES GALLUS DOMESTICUS, DUCKS, GEESE, TURKEYS AND GUINEA FOWLS	30	0	4	36.136	RESTD
02011000-02013000	MEAT OF BOVINE ANIMALS, FRESH AND CHILLED	30	0	4	36.136	RESTD
02021000-02023000	MEAT OF BOVINE ANIMALS, FROZEN	30	0	4	36.136	RESTD
02031100-02031900	MEAT OF SWINE, FRESH, OR CHILLED	30	0	0	30.9	FREE
02032100-02032900	MEAT OF SWINE, FROZEN	30	0	4	36.136	FREE
02041000-02045000	MEAT OF SHEEP OR GOATS, FRESH CHILLED OR FROZEN	30	0	4	36.136	FREE
02061000	EDIBLE OFFAL OF BOVINE ANIMALS, FRESH OR CHILLED	30	0	0	30.9	RESTD
02062100-02069090	EDIBLE OFFAL OF BOVINE ANIMALS, SWINE, GOATS, HORSES, ASSES, MULES OR HINNES, FRESH, CHILLED OR FROZEN	30	0	4	36.136	*
02071100-02071200	MEAT, & EDIBLE OFFAL, OF THE POULTRY OF HEADING 0105, NOT CUT IN PIECES, FRESH OR CHILLED OR FROZEN	30	0	4	36.136	FREE
02071300	" CUTS & OFFAL, FRESH OR CHILLED	100	0	0	103	FREE
02071400	" CUTS & OFFAL, FROZEN	100	0	4	111.12	FREE

Note:

- CVD – Countervailing Duty, EC – Education Cess, RESTD – Restricted
- 02062100-2063000 -- Restricted and 02064100-02069090 – Free

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Animal Numbers, Cattle, PSD

PSD Table									
Country	India								
Commodity	Animal Numbers, Cattle						(1000 HEAD) (PERCENT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Total Cattle Beg. Stks	282300	335000	282300	282000	339700	282000	282000	339700	281700
Dairy Cows Beg. Stocks	126700	139000	117800	128300	0	118600	0	0	119600
Beef Cows Beg. Stocks	0	0	0	0	0	0	0	0	0
Production (Calf Crop)	57000	49500	57000	57000	0	57000	0	0	57450
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0	0	0	0
Total Supply	339300	384500	339300	339000	339700	339000	282000	339700	339150
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0	0	0	0
Cow Slaughter	1200	1250	1200	1250	0	1250	0	0	1320
Calf Slaughter	3800	3750	3800	4000	0	4000	0	0	4200
Other Slaughter	18500	17800	18500	19250	0	19250	0	0	20530
Total Slaughter	23500	22800	23500	24500	0	24500	0	0	26050
Loss	33800	22000	33800	32500	0	32800	0	0	31200
Ending Inventories	282000	339700	282000	282000	339700	281700	0	339700	281900
Total Distribution	339300	384500	339300	339000	339700	339000	0	339700	339150

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

PSD Table									
Country	India								
Commodity	Meat, Beef and Veal						(1000 HEAD) (1000 MT CWE) (PERCENT) (HEAD)(KG)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Slaughter (Reference)	23500	22800	23500	24500	0	24500	0	0	26050
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	2375	2300	2375	2500	0	2500	0	0	2655
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0	0	0	0
Total Supply	2375	2300	2375	2500	0	2500	0	0	2655
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	750	675	750	800	0	800	0	0	870
Total Exports	750	675	750	800	0	800	0	0	870
Human Dom. Consumption	1625	1625	1625	1700	0	1700	0	0	1785
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	1625	1625	1625	1700	0	1700	0	0	1785
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	2375	2300	2375	2500	0	2500	0	0	2655

Table 3: Commodity, Meat, Beef and Veal, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Meat, Beef and Veal		
Time Period	Apr-Mar	Units:	Metric tons
Exports for:	2005		2006
U.S.		U.S.	0
Others		Others	
Malaysia	73060	Malaysia	82337
Philippines	39028	Philippines	48918
Angola	26678	Angola	39570
Jordan	22772	Jordan	39044
UAE	22140	Kuwait	34108
Kuwait	15788	Iran	16986
Georgia	9867	Georgia	13948
Iran	8320	Oman	10819
Oman	8240		
Total for Others	225893		285730
Others not Listed	111882		174188
Grand Total	337775		459918

SECTION III: OTHER RELEVANT REPORTS

[GOI's regulation on importation of specific livestock and livestock products \(IN7075\)](#)