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Livestock and Products

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Approved by:
Chad R. Russell
U.S. Embassy, New Delhi

Prepared by:
V. Shunmugam

Report Highlights:
Post forecasts CY 2006 carabeef exports at 675,000 tons (Carcass Weight Equivalent) making India the fourth largest meat exporter in the world, outperforming Canada. The various BSE-related bans on beef from the United States and Canada have had a marginally positive impact on carabeef exports from India.

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

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SECTION I: SITUATION AND OUTLOOK

Production

India's cattle population in CY 2006 is forecast to increase marginally to 335 million head, in response to better price realization for meat animals and increased feed availability. The buffalo population, which accounts for about 53 percent of the total cattle herd, continues to show a higher growth than the cow (non-buffalo) population. The high fat content in buffalo milk, hardiness of the animal, and a ready market for the male and unproductive buffalos in the meat sector, are all factors that make buffalos more attractive to farmers. Unlike for cows, there are fewer restrictions on buffalo slaughter in most states. The contractual fattening of male buffalos for meat production (both for domestic consumption and for export) is an emerging trend in rural areas of north India. Raising animals in feedlots is becoming popular with meat exporters, as it helps to improve meat quality. Although cow slaughter is banned in the country (except for two states) due to religious sensitivities, illegal slaughtering is prevalent in most states.

India's beef production is forecast to increase by three percent to 2.3 million tons during CY 2006, due to increased slaughter and increasing meat yield per animal. About 70 percent of total production is consumed domestically. Cattle for domestic consumption are largely slaughtered in the street corner shops that cater to the wet markets. Beef meat for export mostly comes from modern meat processing plants located in western and northern India.

Consumption of commercially produced compound feed in CY 2005 is estimated at 14 million tons, constituting 12 percent of the total feed consumption. Growing awareness about animal nutrition and the increasing commercialization of the dairy sector are expected to lead to an increase in commercial feed consumption in coming years.

Consumption

The most widely consumed meat (by volume) in India is poultry, followed by buffalo meat (carabeef). Although consumers prefer mutton (goat/sheep meat) over carabeef, due to the former's unique taste, texture and low fat, larger availability and lower prices make carabeef the second most widely consumed meat in India. Per capita consumption of carabeef and broiler meat is estimated at 1.8 and 1.9 kilograms, respectively, compared with 750 grams of sheep/lamb meat. The current retail price of carabeef is about $1.20 per kilogram, compared with $3.20 for lamb/sheep meat, and $1.90 for poultry meat.

The market for chilled and frozen meat is limited, due to inadequate cold chain facilities and a generally negative perception about frozen meat.

Production Policy

The government's animal husbandry programs are mainly focused on milk production rather than meat production. The programs for the meat sector are largely oriented toward improving hygiene standards of the export-oriented slaughterhouses through inspection, certification, and animal healthcare. There are no direct export subsidies provided to the Indian meat sector. Exporters have taken the primary responsibility for developing foreign markets through programs such as animal health management, animal nutrition, quality awareness, and marketing.

There are eleven export-oriented meat-processing plants that have incorporated HACCP and/or ISO 9000 standards in addition to the mandatory BIS (Bureau of Indian Standards) norms. While no new modern meat-processing plants are being established, some of the existing operators are expanding capacity to cater to the increasing export demand. Although most private meat-processing plants have their own slaughterhouses, a few depend on supplies of carcasses from the municipality-maintained (local government body) slaughterhouses. The export-oriented meat processing plants are periodically inspected by the Agricultural and Processed Products Export Development Authority (APEDA) and other authorities for their adherence to domestic and export standards. Although some of the quality and safety certification programs began as voluntary programs, most of them have now become mandatory due to the stringent requirements of the export market.

Trade

Post forecasts 2006 carabeef exports to increase to 675,000 tons (CWE), due to the growth in demand from existing markets and the opening of new markets in West Africa and Saudi Arabia.

Post estimates carabeef exports to increase 15 percent to 620,000 tons (CWE) in CY 2005, due to larger exports to new emerging markets in Africa, the Commonwealth of Independent States (CIS), South Korea, and the reopening of the Saudi Arabian market for Indian carabeef. Exports to Saudi Arabia, which recommenced following the rinderpest-free recognition of the country, are estimated to double in 2005. Exports to Egypt, a major market for Indian carabeef, stalled following a meat contamination crisis in late 2003, and are unlikely to resume in the near future. Exports to other Middle East markets such as the United Arab Emirates (UAE), Jordan, and Kuwait also declined marginally in 2004 following the commencement of direct meat exports from India to Iraq. CIS countries, which started sourcing carabeef from India following the BSE crisis in major exporting countries, continued to expand their imports from India in 2004 due to competitive pricing. The various BSE-related bans on beef from the United States and Canada have had a marginally positive impact on carabeef exports from India and strengthened export prices. According to exporters, during the last quarter of CY 2004, carabeef export unit values increased by $25 to $60 per ton, depending on the cut of meat. Exports to West African countries such as the Congo and Gabon also went up as a result of consistent promotional efforts by Indian exporters.

About 95 percent of the carabeef exports are boneless, and the rest are larger cuts with bone. Major markets for Indian specialty carabeef cuts are Malaysia, the Philippines, Jordan, and the UAE, with smaller quantities exported to the Middle East and African countries. The Philippines and Malaysia are major importers of fresh/chilled carebeef, whereas the Middle East mostly imports frozen meat. Foot and Mouth Disease (FMD) restricts Indian exports to Europe, the United States, South Africa, Indonesia, and Russia. In the Tenth Five-Year plan (2002 to 2007), the government intensified the process of creating three OIE-supervised FMD-free zones in five major buffalo rearing states, where most export-oriented meat processing facilities are located. These zones could be free of FMD in about two years and would be so certified by the OIE. Once declared free of FMD, the Russian market may re-open, although in-direct exports to that market are already taking place.

Indian import licensing, due to quarantine considerations, effectively bans the import of live animals. Imports for breeding purposes are possible, subject to sanitary import permits issued by the Department of Animal Husbandry. Permits may be requested from:

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

Since August 1999, the Government of India has banned imports of live cattle, buffalo, sheep and goats, fresh meat, meat products, tissues/organs (other than milk), and meat and bone meal of ruminant origin from TSE-positive countries.

India prohibits imports of beef due to religious sensitivities.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Animal Numbers, Cattle; PSD

PSD Table							
Country	**India**						
Commodity	**Animal Numbers, Cattle**				(1000 HEAD)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Total Cattle Beg. Stks	327250	327250	330250	330250	0	335000	(1000 HEAD)
Dairy Cows Beg. Stks	136300	136300	137000	137000	0	139000	(1000 HEAD)
Beef Cows Beg. Stocks	0	0	0	0	0	0	(1000 HEAD)
Production (Calf Crop)	47500	47500	48500	48500	0	49500	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL SUPPLY	**374750**	**374750**	**378750**	**378750**	**0**	**384500**	(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	1200	1200	1100	1100	0	1250	(1000 HEAD)
Calf Slaughter	3500	3500	3700	3700	0	3750	(1000 HEAD)
Other Slaughter	16800	16800	17500	17500	0	17800	(1000 HEAD)
Total Slaughter	21500	21500	22300	22300	0	22800	(1000 HEAD)
Loss	23000	23000	24250	24250	0	22000	(1000 HEAD)
Ending Inventories	330250	330250	332200	332200	0	340000	(1000 HEAD)
TOTAL DISTRIBUTION	**374750**	**374750**	**378750**	**378750**	**0**	**384800**	(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)

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

PSD Table							
Country	**India**						
Commodity	**Meat, Beef and Veal**				(1000 MT CWE) (1000 HEAD)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Slaughter (Reference)	21500	21500	22300	22300	0	22800	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	2130	2130	2230	2230	0	2300	(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	**2130**	**2130**	**2230**	**2230**	**0**	**2300**	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	540	540	625	620	0	675	(1000 MT CWE)
TOTAL Exports	540	540	625	620	0	675	(1000 MT CWE)
Human Dom. Consumption	1590	1590	1605	1610	0	1625	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	1590	1590	1605	1610	0	1625	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	**2130**	**2130**	**2230**	**2230**	**0**	**2300**	(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)