

Implications of Covid-19 on Poultry Sector in India

Thomas Teye¹, Manoj kumar Singh², Sumit Gangwar³, Sachin Dongare⁴, Mohit Bharadwaj⁵, Siddhartha Srivastva⁶

^{1,6}M.V.Sc Scholar, Department of Livestock Production Management, GBPUAT, Pantnagar, U.S Nagar, Uttarakhand

²Assistant professor, Department of Livestock Production Management, College of Veterinary and Animal Sciences, Sardar Vallabhbhai Patel University of Agriculture and Technology, Meerut, Uttar Pradesh

^{3,4} Ph.DResearch Scholar, Department of Livestock Production Management, GBPUAT, Pantnagar, U.S Nagar, Uttarakhand

⁵ Ph.DResearch Scholar, Department of Animal Nutrition, GBPUAT, Pantnagar, U.S Nagar, Uttarakhand

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Introduction

The recent Covid-19 lockdown has hampered the poultry industry massively being the worst situation in the recent time after the bird flu 2006. The industry encountered heavy losses due to sharp decline in demand, supply and profitability. The corona virus outbreak and the continuous lockdown have pushed the poultry sector in the country into a major crisis with huge losses projected to be around Rs.22,500 crore at the beginning of February 2020. In terms of industry dynamics, India is currently the fourth largest poultry producers in volume terms though per capita consumption is still one of the lowest in the world. As per ICRA Research, as of date, the liquidity condition of industry participants continues to remain extended, especially for the smaller integrators and contract farmers, with few entities likely to witness closure of business. The All India Poultry Raisers Affiliation (AIPBA) has looked for rebuilding of credits, interest aid among others from the public authority to help the business from the crisis. Restricted logistics because of lockdown led to breakdown of supply chain in the local market.

False Information leading to breakdown in the supply chain

“Rumours started from the first week of February,2020. which affected the industry very severely. Several fake rumours circulated in social media, linking poultry birds as possible carrier of the virus, which ultimately lead to the demand drop as well as breakdown on the supply chain and hence realizations. Few people spread rumours that consumption of



chicken and eggs may spread corona virus. This adverse effect continued for about six weeks as appeared in the social media platform. The poultry industry recovered a bit after the clarification issued by Government, media and poultry personals that eating chickens and eggs were safe and they don't spread the corona virus.

Losses incurred due to COVID-19

“Before COVID-19, Indian poultry industry was doing well producing about 1.25 lakh crore value of products per year with a production of about 27-28 crores eggs a day and 40 crore broiler chicks per month.”. The poultry industry was expected to have a healthy growth for the upcoming decades to fulfil the protein demands of 1.3 billion population. Definitely this COVID-19 situation has taken back the Indian poultry sector few years back as the rumours hit the chicken and egg demand very badly. Before COVID-19 the prices for broiler meat was about Rs.80 per kg and Rs.4 for egg but the price dropped to almost no value like Rs.6 per kilo and Rs.1-1.50 per egg. As a result, industry loss about Rs.25000 crore. Regarding the consumer demand it can be felt that the real problem is in terms of migrant level because a large part of consumption is totally dependent upon the middle and lower middle class families. India remains predominantly dependent on a live bird market with close to 90% of broiler sales being done at traditional retail outlets giving consumer preference for freshly cut broiler. Recent Covid-19 lockdown has effected demand from hotels, restaurants, and QSR chains as well.

Over the past few months, since after the lockdown millions of small poultry farmers across the country are staggering after sales have crashed to almost 80% due to the false information that chickens and eggs are the carriers of the corona virus. Maharashtra, Karnataka, Odisha and Andhra Pradesh appear to be the worst affected cities in the country with farmers leading to panic sales at very low rates and some even going as far as culling of chickens and damaging of eggs. Amidst cries of help, poultry farmers are seeking government assistance, stating that the Covid-19 crisis appears to be more widespread in India than the bird flu outbreak of 2006, which was restricted largely to western part of the country.

ICRA expects that the domestic broiler meat demand to be affected meanwhile due to the COVID-19 pandemic leading to a marginal de-growth of 4-5% in poultry meat revenues



and table egg demand to moderate by 1-2% in 2021. India has appropriately gone for lockdown rules that exempt farm operations and supply chains. However, implementation of problems leading to labour shortages and falling prices should be rectified. Keeping supply chains well and functional is very important to food security. Small poultry and dairy farmers need more targeted help in this case of supply chains, as their pandemic-related input supply and market-access problems.

Conclusion

For some, government support has been seen as sufficient to help them through the crisis, but this is certainly not the case universally. Some respondents noted that their governments had promised a lot but were yet to deliver, while others accused public bodies of poor planning, or a failure to explain good bio-security or of taking any steps at all. Some producers expect that, once the pandemic is over, everything will return to normal. However, others noted that they would carry greater inventory to make them more prepared for the future.

