Chapter 5

Non-Poultry Meat Industry

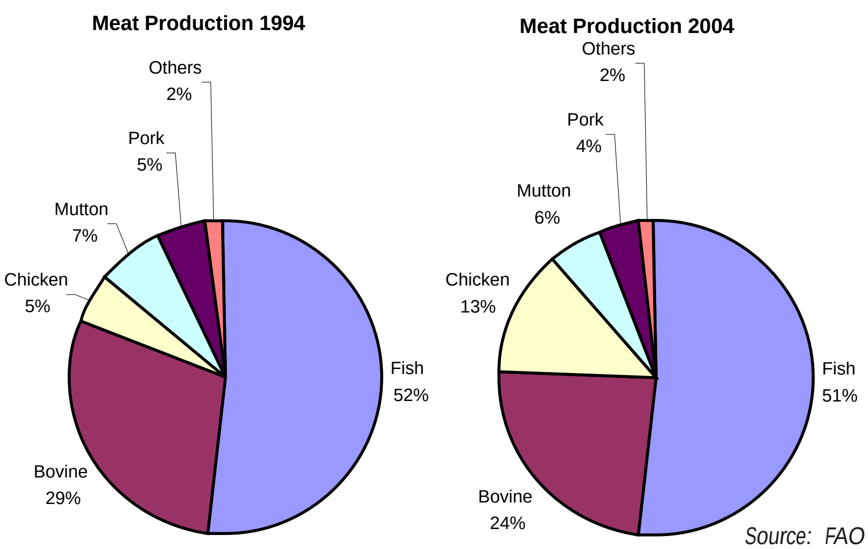
Buffalo Meat Industry

Outlook

India has 52% (98 million) of the world's buffalo population. As per the latest census of 2003 there was a growth of 7.5% in buffalo livestock during the previous 5 years. Contrary to popular belief, India does display a preference for buffalo meat. According to the USDA, though the demand for poultry is fast eroding the market, there is still substantial production of buffalo meat in India.

The growth of buffalo meat consumption has slowed down giving an impetus to exports. One of the strengths of Indian buffalo meat is its competitive price as compared to other sources of animal protein. The meat industry in India is an off-shoot of the dairy industry. Livestock, particularly those which have completed their lactation cycles are used for meat, hence, the cost is competitive.

Figure 5.1 **Comparative Animal Protein Growth**



Source: FAO

The buffalo meat export industry has grown from 1,67,291 MT (FOB value Rs.797 crores) in 1999-2000 to 3,43,817 MT (FOB value Rs.1,647 crores) in 2003-2004. This growth has been achieved due to a growing demand from the traditional markets. The traditional importing countries include, Malaysia, Philippines, Mauritius, UAE and other GCC countries and Jordan.

In the last few years, there have been increased sales to countries in Africa (including Gabon and Angola), some CIS countries and intermittent supplies to Iran and Egypt. In the last one year, newer markets which have emerged and are growing include Afghanistan, Iraq (through Jordan and Kuwait) and most importantly Saudi Arabia.

Figure 5.2 gives an idea of the contribution of buffalo meat export to the agricultural product exports from the country.

Table 5.1 **Meat Exports Compared to Agro Products**

Figures in Rs. Millions

	Agro Products Export	Meat Export	% of Agro Export
1995-96	79150	6140	8
1996-97	77230	6900	9
1997-98	72710	7920	11
1998-99	96820	7700	8
1999-00	73650	7970	11
2000-01	92130	14530	16
2001-02	101690	11770	12
2002-03	138280	13450	10
2003-04	141840	16470	12

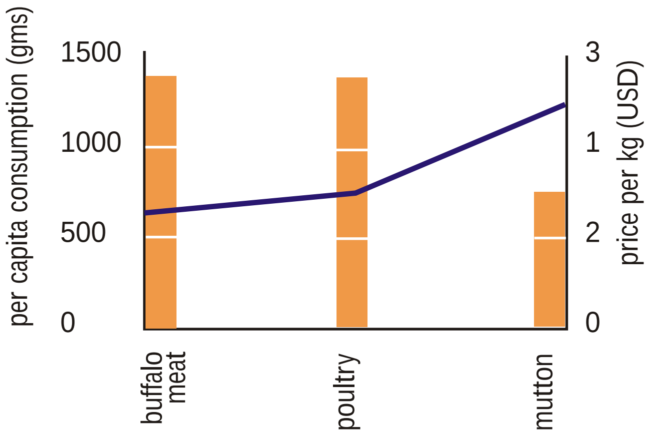
Source APEDA

Growth Drivers

Affordability

Despite the falling demand, the low price levels in comparison to other meats will keep buffalo meat on the diets of the lower income groups

Figure 5.2 **Price vs Consumption of Animal Protiein**



Source USDA, 2002

Regional Preference

Certain regions like Kerala in South India and the North East, display a great preference for buffalo meat. This preference will keep the demand high.

Growth Inhibitors

Limited Growth in Domestic Demand

The domestic demand for buffalo meat is growing at less than 2% per annum. This is extremely low compared to other sources of animal protein. Besides the traditional consuming markets, for buffalo meat no new consumers seem to be entering this segment.

Besides, the rapid development of the poultry meat industry seems to be making inroads into the buffalo meat segment. If the distribution networks of poultry meat improve substantially over the next few years, as they are likely to, we could witness a drop in domestic demand.

Overseas Demand

There is great scope for the export of buffalo meat from India. With Mad Cow Disease - Bovine Spongiform Encephalopathy (BSE) eroding European exports, the demand for Indian buffalo meat has shown an increase.

Table 5.2 **Some of the potential consuming countries**

Country	Current imports in MT
Egypt	100,000
Iran	30,000
Algeria	50,000
Syria	30,000
Indonesia	50,000
Thailand	30,000
Philippines	80,000
Russia	100,000
Ukraine	50,000
Kazakhastan	25,000
Krygystan	25,000
Tajkistan	25,000
Total	595,000

Source: Industry Estimates

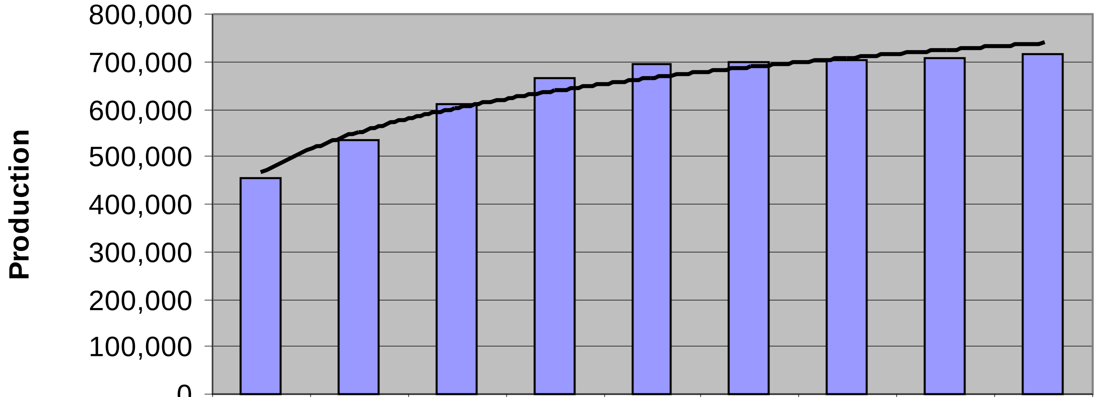
Sheep and Goat Industry

Though India ranks 5th in the world with a sheep population of 120 million, sheep and goat rearing has remained by and large a traditional occupation. This in effect means that though there are home reared animals, organised farms are conspicuous by their absence.

Despite this, the traditional occupation has survived as a result of the poor reach in distribution of poultry and eggs. The production figures show a very marginal increase and the per capita consumption reveals a declining trendline.

The rising price of goat meat is another major inihibitor which makes this an item of consumption for the elite. Minimal usage too is making goat meat a rarity on the Indian menu.

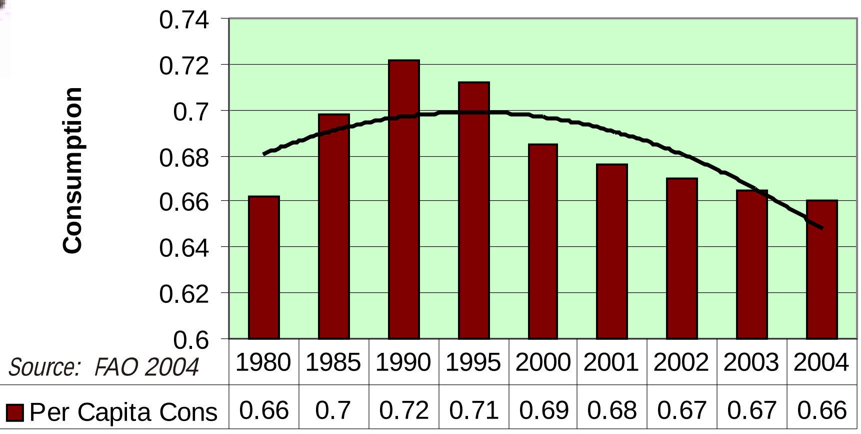
Figure 5.3 **Sheep & Goat Meat Production (MT)**



	1980	1985	1990	1995	2000	2001	2002	2003	2004
Consumption in MT	456,240	533,300	611,200	663,253	696,200	699,400	702,800	708,800	713,800

Source: FAO 2004

Figure 5.4 **Per Capita Sheep & Goat Meat Consumption (in Kg)**



Source: FAO 2004

Growth Drivers

Availability of Other Meat

Despite the strides made by the organised poultry meat sector, lack of penetration in distribution helps increase consumption of goat meat in the rural areas.

Niche Market

Regional demand and a preference for goat meat among specific communities in specific geographical areas might keep production at existing levels.

Growth Inhibitors

Unorganised Production

The key inhibitor is unorganised farming. Until big players with deep pockets enter this arena, production will remain at existing levels.

Price

Low production levels have resulted in high cost of production and hence spiralling retail prices. Price alone will be largely instrumental in depressing consumption as poultry meat is produced more efficiently and at lower costs.