

# Strategy for Dutch Poultry companies to access Indian Poultry sector

## **Background**

India, a South Asian nation, is the seventh-largest country by area, the second-most populous country with over 1.33 billion people. Between 2025 and 2030 India will have the largest population of the world. Indian economy experienced growth at a rate of 6.7 per cent in the year 2017-18 and in 2018-19; the economy is expected to grow at a rate of 7.3 per cent. The fact is that the middle class is growing rapidly and in parallel so does the market for consumer goods.

The Netherlands is traditionally a good brand in India, both politically and economically. The bilateral relations date back to the times of the Spice Route in the seventeenth century. The Netherlands is the fifth largest investor in India with FDI inflows of 6 per cent. India is the 5th largest investor in the Netherlands, with 180 Indian companies in the Netherlands.

## **Sector in India**

India wants to double its food production in the next decade and the agricultural sector is facing major challenges like average farm land sizes being less than one hectare, climate change and in some regions the shortage of labour, and supply chain inefficiencies.

India is the third-largest egg producer in the world after China and the USA and the fourth-largest chicken producer in the world after China, Brazil and the USA. In India, the per capita consumption of eggs has gone up from 30 eggs per annum to 68 eggs per annum, and that of chicken from 400 grams per annum, to 2.5 kg per annum in the last 5 years. Human nutritionists recommend a minimum of 180 eggs & 10 kg chicken per annum for a healthy adult human, which means that the Indian poultry market is laden with opportunities. Adult population in most developed countries consume over 240 eggs and 20 kg of chicken per annum. Poultry is the most organised sector in animal agriculture in India, worth Euro 14,500 million. Production of broiler meat has increased to 4.2 million tons per annum in 2015-16. Demand for processed chicken meat has been growing by 15-20% per annum. Total layer production in India has gone up to reach 80 million eggs per annum. Industry sources estimate CY 2016-17 feed consumption to go from 17 to 18 million tons, which includes corn and soya bean and pearl millet.

Poultry Production has three segments: 1) Layers, 2) Broilers and 3. Backyard / Family Production (Both eggs and chicken).

As per Agriculture and Processed Foods Products Export Development Authority (APEDA), India has exported 659,304 MT of poultry products for the worth of INR 7,680 million during 2015-16. Majority of the exports are destined for the Middle East. Each year, India exports around 5000 MT of poultry products into Europe, the largest chunk of which is destined for Germany, although the share of the Netherlands has grown significantly over the last few years.

The major poultry states in India are Telangana, Andhra Pradesh, Tamil Nadu, Maharashtra, West Bengal and Haryana.

## **The poultry sector in India faces the following challenges, which in turn could open up opportunities for the Dutch entrepreneurs:**

- a) Low Productivity
- b) Lack of storage, cold chain and transport
- c) Lack of supply of quality feed
- d) Lack of quality standards in farm management
- e) Lack of processing facilities

The Netherlands has the knowledge and technology to support India in achieving its ambitions. The good reputation of the Dutch agriculture in India is of great value. Point of concern is the often expensive Dutch technology while India is very price sensitive. With creative solutions (e.g. partial production in India) these problems can be overcome.

## **Patience, Politeness, Perseverance as keys to success**

The Indian market is particularly price-sensitive. Indian government provides subsidies to Poultry industry for large integrators to encourage more exports from India in this sector. Indian government tenders are almost exclusively awarded to the lowest bidder (and not necessarily to the one offering the best quality). Furthermore, market access is often problematic. To operate successfully it is crucial to have knowledge about the local market (which can vary per state) and finding a reliable Indian partner. Doing business in India requires patience; especially where the involvement of the Indian government (at central and state level) is crucial.

### **Why India?**

India has 1.3 billion people, the number is growing every year and India wants double its food production in the next decade. The focus is on "Development", meaning good food, better health & living conditions for everyone. People spend more money on food when they earn more. Healthy food at attractive price will therefore be the issue in focus. Eggs and chicken are accepted by almost all communities and is available across the country at reasonable prices.

### **Why now?**

All of the above challenges offer infinite opportunities to Dutch entrepreneurs. Productivity could be increased, by using better farming techniques with higher quality standards, by improving the feed quality with pre-mixes and by use of superior processing equipment. The Netherlands is a longstanding partner of the Indian Poultry industry, supplying processing and hatching machinery, feed and food supplements, etc. Dutch companies in the Indian Poultry industry can be found providing equipment and technology for the whole value chain in poultry. This is particularly true for automated systems, food safety, animal welfare and reducing the environmental impact.

### **Events**

Name - **Poultry India 2018**

Dates - 28 – 30 November, 2018

Place: HITECH, Hyderabad – India

Website: <http://www.poultryindia.co.in/>

Name - **Poultry and Livestock Expo 2018**

Dates: 31 Aug – 2 Sep, 2018

Place: BIEC, Bangalore

Website: <http://www.iplexpo.com/>

### **What can we offer?**

Dutch Trade Network in India (TNI) has very good contacts with main market players and also various poultry associations in India. TNI offers active support to Dutch companies interested in doing business in India in finding potential clients / JV partners / participating in the trade fairs etc.

The Dutch Trade Network in India (TNI) consists of: the Embassy in New Delhi, Consulate General Mumbai and Bangalore, two NBSO's in Hyderabad and Ahmedabad, Honorary Consulates in West Bengal and Uttar Pradesh.

### **Contact (More Information):**

You can always contact us for more information at:

Agriculture Team, Embassy of the Kingdom of the Netherlands in India, New Delhi, Email: [NDE-LNV@minbuza.nl](mailto:NDE-LNV@minbuza.nl);

Consulate General in Mumbai, Email: [BOM-EA@minbuza.nl](mailto:BOM-EA@minbuza.nl);

Netherlands Business Support Office, Hyderabad, Email: [Hyderabad@nbso.info](mailto:Hyderabad@nbso.info);

Netherlands Business Support Office, Ahmedabad, Email: [Ahmedabad@nbso.info](mailto:A Ahmedabad@nbso.info);

Consulate General in Bangalore, Email: [Bangalore@nbso.info](mailto:Bangalore@nbso.info);