

Poultry + COVID 19

CONSULTATION AND STATUS REPORT

SELCO FOUNDATION

INDIA - MAY, 2020

Based on consultations held with experts in the Indian Poultry Sector on 5-6th May, 2020

This document is the result of a Consultation Sessions held between the SELCO Foundation staff and prominent experts and practitioners in the Poultry Value Chain. The discussion took place covering the challenges across three key aspects- the effects of COVID-19 on the poultry market, main challenges in the poultry across the value chain and the solutions which can be devised to overcome them using technology, finance and linkages.

The consultation was held with the following people:

Dr Kallul Bohra

Executive Director,
Harsha Trust, Odisha

Dr Elangovan

Principal Scientist, ICER-National Institute
of Animal Nutrition and Physiology (NIANP)

Mr. Raghunath

CEO, Bissamcuttack
Poultry Cooperative
Limited, Odisha

Mr Krishnamurthy

Poultry Farmer,
Chamarajanagara,
Karnataka

Dr. Sharath

Veterinary Doctor, Mysore, Karnataka

TIMELINE

Pre-Lockdown

Before the lockdown started and the news of COVID-19 reached India, the poultry industry was in turmoil due to fake news and videos being circulated over *Whatsapp*. Poultry is not affected by COVID and is not a carrier in any way.

Dr Elangovan

Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

Poultry is always **the first industry to be affected** by various circumstances and repetitive diseases like bird flu.

Poultry sector was affected with the outbreak of COVID in the China there were some **unsubstantiated fears circulating linking the transmission of virus with poultry. This led to a massive slump in the demand for the poultry products.**



The poultry industry is one of the most organized of all animal agriculture sectors in India. (Photo: Getty Images)

How WhatsApp forwards on coronavirus broke the ₹1 tn Indian poultry industry

10 min read . Updated: 21 Mar 2020, 12:06 PM IST

Omkar Khandekar

Fake news linking the spread of Covid-19 to chickens have cost the Indian poultry market over ₹1.6 billion a day. The world's fourth biggest chicken producer now faces its worst crisis in a decade

www.livemint.com/mint-lounge/features/how-whatsapp-forwards-on-coronavirus-broke-the-1-7-bn-indian-poultry-industry-11584715653782.html



News

Chicken sales drop 50% over false coronavirus rumours on social media: Report

Hemani Sheth | Mumbai | Updated on February 28, 2020 | Published on February 28, 2020



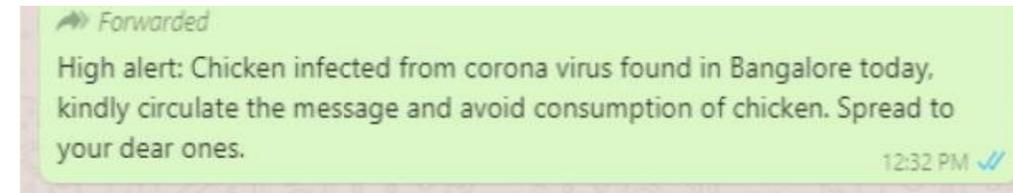
Indian poultry sales have declined by over 50 per cent due to a false rumour that the coronavirus can be contracted through chickens being circulated on social media, said Godrej Agrovet Ltd,

diversified agri-business firm, to *Reuters* on Thursday.

B.S. Yadav, Managing Director, Godrej Agrovet said that misinformation spread through platforms like WhatsApp regarding the role of poultry in the spread of the novel coronavirus has taken a toll on the sector with sales declining by more than 50 per cent. Other major poultry firms including Venky's have also registered a fall in sales citing social media rumours, as per the report.



<https://www.thehindubusinessline.com/news/chicken-sales-drop-50-over-false-coronavirus-rumours-on-social-media-report/article30939892.ece>



<https://www.boomlive.in/fake-news/false-chicken-infected-with-coronavirus-in-bangalore-6850>



Kiran Bedi (Photo: Reuters)

Kiran Bedi posts fake forward on egg and chicken. Uninstall WhatsApp, says Twitter

Kiran Bedi was recently trolled after she posted a fake forward about egg and chicken on her Twitter account.

A lot of misinformation and fake videos gets circulated through WhatsApp forwards and more often than not people get fooled into believing them. It seems Kiran Bedi has become the recent victim of this.

The Lieutenant Governor of Puducherry took to Twitter recently to share a video of chickens, which she claimed had hatched from eggs discarded due to the novel coronavirus outbreak.

<https://www.indiatoday.in/trending-news/story/kiran-bedi-posts-fake-forward-on-egg-and-chicken-uninstall-whatsapp-says-twitter-1664026-2020-04-06>

TIMELINE

During Lockdown

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

With a **revenue of only 10 per bird**, it is estimated that farmers have lost around INR 70 per bird, their entire production cost. In totality, **small farmers have lost around INR 30,000 - 35,000 per batch.**

Poultry feed is the most expensive input of the poultry value chain.

Today, it is even more expensive due to **stressed supply chains**. We need to find local small-scale solutions for this problem.

Dr Elangovan

Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

As the demand has fallen poultry farmers have been **forced to throw away their chickens**. Further, farmers were **unable to buy feed** for their next batch due to losses of income.

Today, the myths around poultry and COVID have been busted, and **demand is back to normal, which will only increase.**

Mr Krishnamurthy

Poultry Farmer,
Chamarajanagara,
Karnataka

My major problem is access to feed, I could not complete one cycle of 1000 chickens and incurred a loss of INR 1.5 lakhs

Mr. Raghunath

CEO, Bissamcuttack
Poultry Cooperative
Limited, Odisha

Our co-operative members need to increase production, for this we need working capital

THE ECONOMIC TIMES

Covid-19 lockdown has severely hit the poultry industry with Q4 being the worst quarter:ICRA

The industry incurred large net losses due to sharp decline in demand, realization and profitability. Rumours circulated in social media, linking poultry birds as possible vectors of the virus, further lead to the demand drop and hence realizations.

As per ICRA Research, as of date, the liquidity condition of industry participants continues to remain stretched, especially of smaller integrators and contract farmers, with few entities witnessing / likely to witness closure of business.

Giving more insights, Mr. Ashish Modani, Vice President, ICRA says, "Owing to sharp decline in realisations during Q4 FY2020, players incurred contribution losses - they sold birds below their cost price (due to perishable nature of products). Restricted logistics due to lockdown led to supply glut in local market, further adding to pressure on realization. Consequently, sizable losses in the last 2-3 months wiped out almost all profit booked during 9mFY2020.

Also, the liquidity position of several small contract farmers and integrators have been impacted with some going out of the business due to limited financial flexibility. The pressure is likely to sustain during first half, with industry hoping on recovery towards end of Q2FY2021."

<https://economictimes.indiatimes.com/news/economy/agriculture/covid-19-lockdown-has-severely-hit-the-poultry-industry-with-q4-being-the-worst-quartericra/articleshow/75351861.cms>

THE ECONOMIC TIMES

Lockdown effect: Low consumption of milk, poultry worries ministry

Union minister for animal husbandry, dairy and fisheries, Giriraj Singh along with ministers of state, Sanjeev Balyan and Pratap Sarangi, have been taking stock of the situation on a regular basis. Ever since the lockdown, both the items have witnessed a decline in consumption largely due to supply and demand issues.

"Apart from this, animal feed is also important for animals and birds as farmers need to source fodder regularly. We also wrote a subsequent letter on March 24 to allow movement of animal feed," Sanjeev Balyan, told ET. "Poultry shops are open now and we are working on every complaint we receive regarding the obstruction in supply. But consumption is still low because of Navratri and might pick up post Ram Navami." Another big concern of the government is the low milk consumption. "There is an increase of 7-8% milk consumption, but that milk is coming from co-operatives," adds Balyan. "However, the milk coming from small farmers were earlier consumed by sweet shops mostly. Since shops are closed they are finding it a problem to deal with the extra milk." The government says that it is difficult to collect data of estimated loss in milk, poultry and fisheries. "People reach us through mail, phone or even we find it out from social media and immediate action is taken to ensure uninterrupted supply of these items," Balyan said.

<https://economictimes.indiatimes.com/news/politics-and-nation/lockdown-effect-low-consumption-of-milk-poultry-worries-ministry/articleshow/74937545.cms>

live mint

The great lockdown gums up animal farms

9 min read . Updated: 23 Apr 2020, 12:24 AM IST
Sayantan Bera

Prices have recovered to ₹90-100 per kg in the wholesale markets but it is too risky to invest right after a round of heavy losses, said Jagdeep Aulakh, a poultry farmer from Karnal in Haryana.

Aulakh lists several risks to the trade. Poultry feed prices are rising due to difficulties in transporting maize, soy and fish meal from Bihar, Madhya Pradesh and Andhra Pradesh, respectively. Supply disruptions are imminent if the covid-19 case count rises unabated and states like Delhi mark more areas as containment zones, stalling retail sales. In the 40 days it takes to rear a broiler chicken, demand may also take a hit due to falling consumer incomes, especially among low-income groups dependent on daily wages.

<https://www.livemint.com/news/india/the-great-lockdown-gums-up-animal-farms-11587570806854.htm>

THE HINDU



The poultry industry once again sought the government's help to allay concerns over the COVID-19's association with chicken and other birds.

When rumours surfaced linking chicken consumption to coronavirus, the industry saw the demand for chicken and eggs fall by 30% to 40%. Farmers resorted to distress sale and some had culled the birds.

<https://www.thehindu.com/news/national/telegana/lockdown-hits-poultry-farmers-hard/article31314809.ece>

VALUE CHAIN

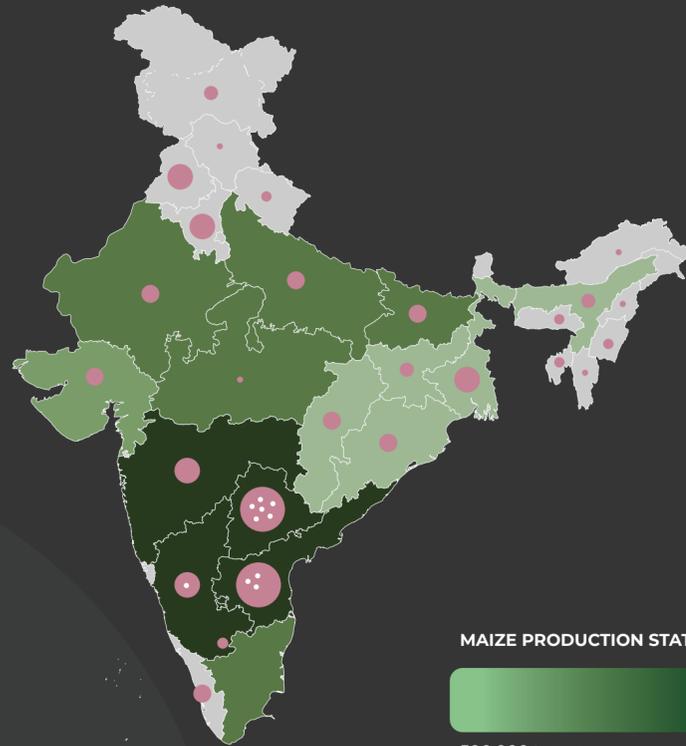


KEY CHALLENGES

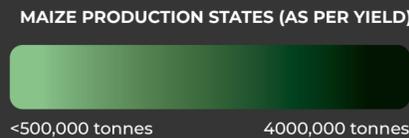
Dr Elangovan
Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

Procurement of feed is made in a centralised manner in Andhra Pradesh, Namakkal, Coimbatore, parts of Maharashtra, Punjab and Bihar. **Maize, an important feed component is now costly due to this calamity and feed is unaffordable.**

Prices of egg and chicken have become nominal in the last 20 years. Unless egg and meat prices are a little higher, **procuring feed will not be economical. There has to be a margin available for small famers,** they are most affected, especially during such times.



In reference to the map above, larger circles with major poultry/egg growing areas and higher maize growing areas also host the leading egg producing companies act as input suppliers to smaller circles in Odisha, Chattisgarh, Jharkhand, Bihar, and the North East States.



● LEADING EGG PRODUCING COMPANY/ INTEGRATOR IN INDIA

POTENTIAL SOLUTIONS

Dr Elangovan
Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

Farmers can prepare their own feed and can have a small feed unit. Alternatives to feed inputs can be used as per the local availability, including broken rice, broken wheat, jowar, groundnut cake (good quality), redseed meal, sunflower cake etc.

Dr. Sharath
Veterinary Doctor, Mysore, Karnataka

The solution for this problem is **decentralisation end to end** — that is decentralisation of the **feed market and also retail sector.**

The decentralisation of the input or feed market or starting a feed industry will need to **address larger demands for economies.** Anyone who wants to start a unit can concentrate **on animal husbandry as a whole** for this reason **instead of one sector** like poultry.

Dr Kallul Bohra
Executive Director, Harsha Trust, Odisha

In Odisha, decentralised options can be explored like:

- Setting up the **feed mills of small capacities at local levels or sourcing the raw materials for making the feedstock by encouraging the local farmers to grow crops like maize or soya etc.**
- Creating **storage facilities at local levels** to store the feed.
- Encouraging the **entrepreneurial farmers to set up the breeder farms.**

<https://zootecnicainternational.com/featured/patterns-dynamics-egg-industry-india/>

<https://freevectormaps.com/india/IN-EPS-01-0004?ref=atr>

VALUE CHAIN



PRODUCTION

KEY CHALLENGES

Dr Elangovan

Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

The **main worry is dip in production levels** which need to be restored as demand is already increasing.

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

Poultry products by nature are perishable hence have short shelf life, there is a **cycle of production that dictates the working of the industry** irrespective of scale of operations, they work on weekly cycles and daily cycle where they have to produce and sell. They can **hold back stock for a maximum of 2- 3 weeks, beyond this it would not be economical.**

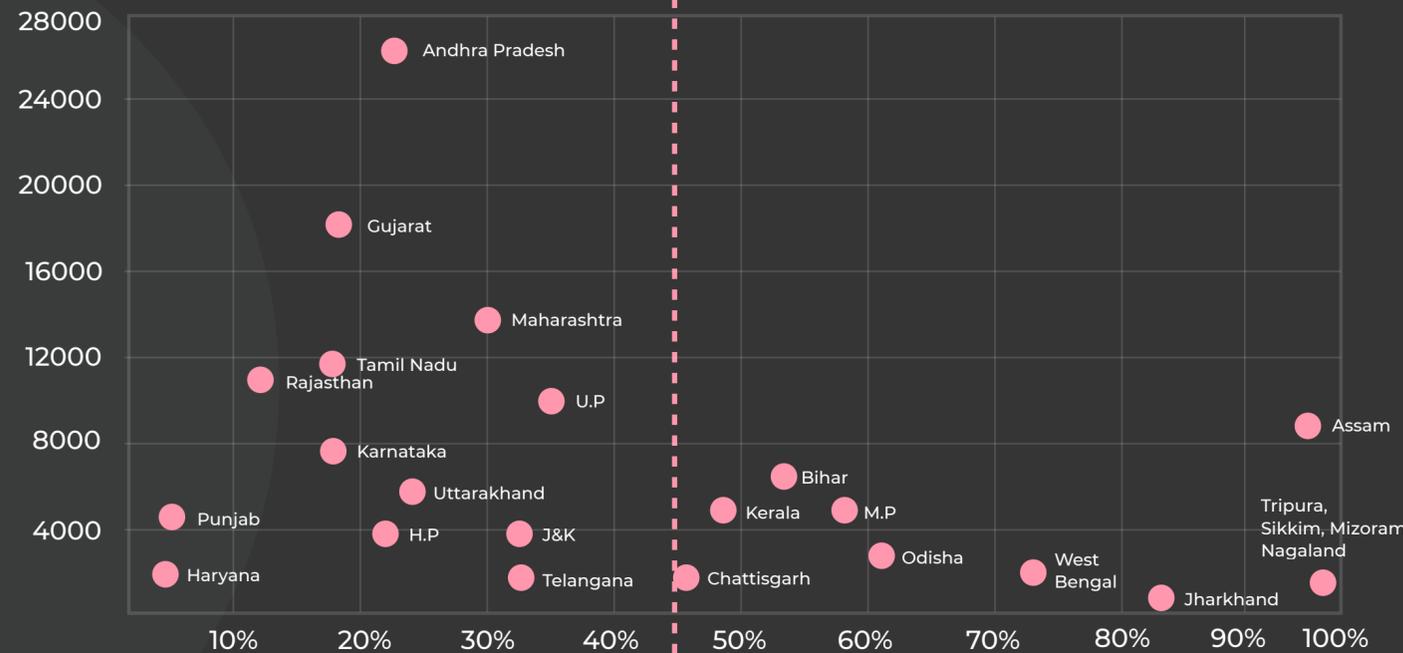


43.5% of Poultry Population in India comes from Backyard Poultry

The graph below showcases spends by NABARD on the Dairy Entrepreneurship Development Scheme (Which Includes all major poultry development programs), against the total share of Backyard Poultry in the state.

Spends are higher in states with higher percentages of commercial poultry units rather than where backyard poultry is higher.

Funds dispersed by NABARD for DEES In INR (Lakhs)



%Share of Backyard Poultry in States Of Total Poultry Production in Each State

POTENTIAL SOLUTIONS

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

To sustain the operations infusion of working capital would be required. Birds which are 30-45 days old have to be fed 200g of feed per day which comes up to INR 10/per bird.

A marginal poultry farmer with 500 birds would require INR 5000 per day which is not possible hence they would either cull the birds or resort to distress sale.

Dr Elangovan

Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

During this crisis, **NGOs can play a big role as they have real on ground perspectives and lived realities.** As soon as **schemes and subsidies** are announced by NABARD, rural banks and cooperatives, they **should link the farmers to them as they will be the best way to access benefits.**

On business development, **farmers should take this opportunity on building from scratch by adopting best practices, be innovative and maintain hygiene** which will help them have a stronger footing in the future.

VALUE CHAIN



MARKETS AND PROCESSING

KEY CHALLENGES

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

The **crisis has affected the entire system of operations right from trader to the farmers**, with traders unable to lift the stock as their capital has been locked up resulting in mounting debts.

The industry in its current form is **tightly integrated and dominated by few big players (i.e integrators) who control the market** right from supplying the birds, inputs in terms of feed, concerning wellbeing of the animals - like supplying the vaccines or medicines , getting into contracts for buyback of the produce, setting the farm gate prices.

The farmers earn around INR 6-7 per bird.

POTENTIAL SOLUTIONS

Dr Kallul Bohra

Executive Director, Harsha Trust, Odisha

The recent crisis has seen the traditional market channels affected; it is important that **farmers are encouraged to get into retail space** directly to serve the potential customers in the local markets.

Better estimating the future demands for products can aid in **avoiding excess production** of the birds which is the case now where forecasting is not being done in a scientific manner.

Dr. Sharath

Veterinary Doctor, Mysore, Karnataka

It will be a **profitable business for all poultry farmers if they start their own retail shop in a market and start with processing** one third of their Chicken

Dr Elangovan

Principal Scientist, ICER-National Institute of Animal Nutrition and Physiology (NIANP)

The future for poultry lies in processing. Developed countries in Europe and the US has less than 5% of produce in wet markets with most produce being sold in packages sealed and stored. In India, most chicken is sold in wet markets which allows for scrutiny with respect to hygiene, rumours of spread of diseases etc. **The infrastructure for processing needs to be set up with appropriate technologies.**

Models similar to the milk industry need to be adopted with respect to processing across the country. To avoid loss of jobs it has to be done in a systematic gradual manner with **farmers having direct market linkages and cutting out the middle men** completely.

SIMILARITIES IN OTHER PARTS OF THE WORLD

NIGERIA - MAY, 2020

Coronavirus: How Lagos smallholder farmers lost big during lockdown

May 8, 2020 Ibraheem Alawode



Tomatoes farm, Kwanar Gafan market in Garun Mallam LGA of Kano State (Photo Credit: Mary Izuaka)

Poultry Farmers

Just as a crop farmer, poultry farmers, who are into egg production suffer the same fate as egg produced and stored under normal room temperature can only last for two weeks.

Ayodokun Oluwafemi, a poultry farm manager, took to Twitter to market his produce. While narrating his experience, he said transportation of eggs from his farm to anywhere within Lagos is less of a challenge to him but the reduction in the purchase of eggs has led to great loss on the farm.

“At this time, it is hard to get a crate of egg sold at N600, we have to peg our price to N500 and we still struggle to sell 30 crates of egg per day, while we sell an average 150 crates per day at N850 before the lockdown. We are experiencing egg loss,” he said.

Mr Oluwafemi, who manages a poultry of 6,400 birds and has to empty 32 bags of feed to make up 800kg required by the birds daily at a cost of N102,400, said reduction in the sale of egg price had to be made in order to continue feeding the birds though the farm is running at loss.

“Before lockdown, the farm makes a profit at a sum of N25,100 daily but the lockdown and decrease in price has made the daily farm income reduce drastically from N127,500 to N15,000 having a daily loss of N87,400,” he noted while explaining his reasons for exploring marketing his produce on Twitter.

A similar experience was shared by Daniel Obinna, who also manages a poultry farm at the farm estate in Ikorodu.

“I haven’t picked eggs from the tray in the last three days because I have no crates left to put them into,” he said, pointing towards the pen of birds with a large amount of eggs on the tray, in front of the birds.

“My Emergency funds have been used to buy feeds. Just last week, the rain destroyed my second pen and I was left with no option than to sell off all the birds affected because I have no money for reconstruction.

“I resulted to reducing the price of the egg so as to get it disposed and I can’t reduce the ration of feeds given to them, ... it will later have effect on them on the long run.”

WAY FORWARD

SHORT TERM (>1 month)

Create a concrete relief and sustenance plan directed towards backyard poultry farmers and small scale entrepreneur led commercial units, for emergency, **working capital support & survival of their businesses** —while markets readjust from the ongoing **COVID 19 crisis**.

Conduct an analysis and aggregate information pertaining for feed milling in the poultry and larger animal husbandry industry along with needs at the farmer level to innovate upon urgently needed solutions and models.

MEDIUM TERM (6 months)

Pilot poultry models at decentralised levels across the value chain of poultry - like Incubators, breeding farms, feed mills, vaccination units, broiler farms, hatcheries, processing, packaging and retail units.

A specific focus should be laid out on piloting scalable models **owned and run at the grassroots** using methodologies, technologies and inputs **adapted to local conditions**.

Collaborate upon, innovate and aggregate **sustainable energy driven, energy efficient technologies and infrastructure for backyard poultry**. Focus should be laid upon adapting technology to the needs of small scale farmers with limited space, as well as creating spaces which are conducive to animals as well as hygienic.

LONG TERM (12 months<)

Assess **impacts created by sustainable decentralised value chains, and document best practices to be adopted** by network partners, leading poultry development NGOs and National Livestock Mission.

Advocate and **influence adoption of models for larger scale** of such models using available schemes and policies, across all minor and major poultry and egg production areas with a **focus on states developing the share of backyard poultry** .

Sharing learnings of piloting and scaling **innovations and processes globally** with countries facing similar issues.

TECHNOLOGY

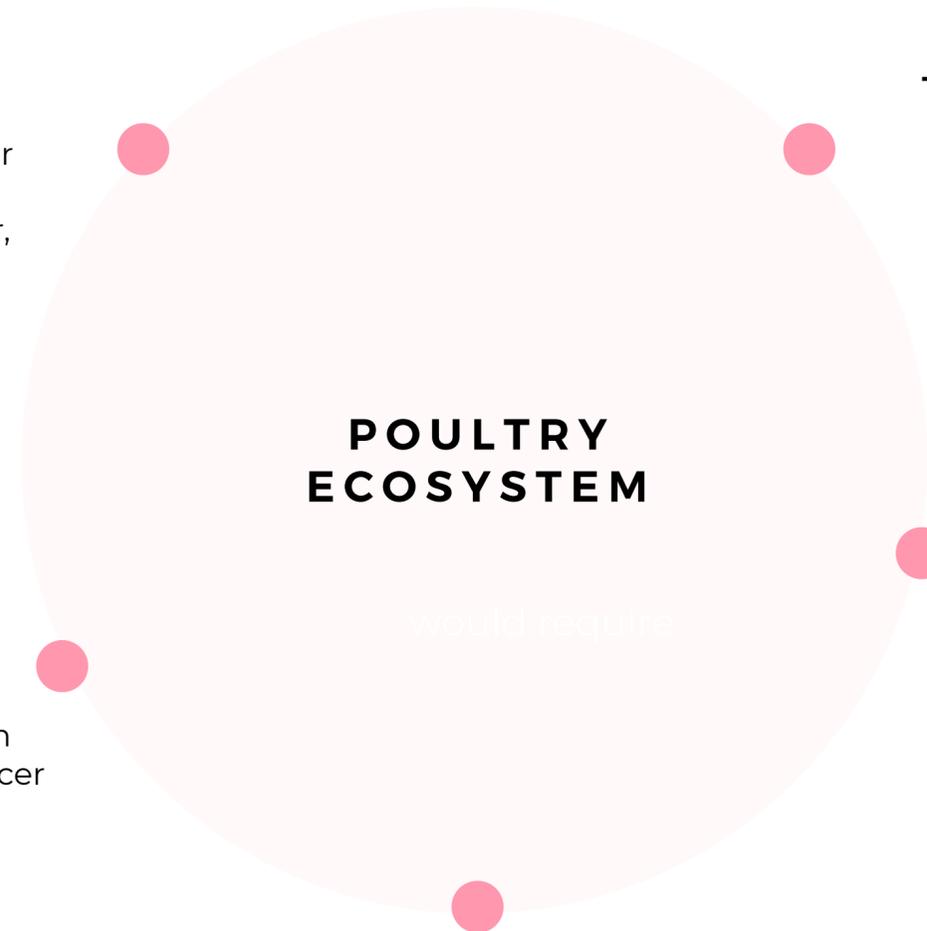
Sustainable Energy driven and Energy Efficient Equipments and Infrastructure for Poultry Value Chain - Egg incubators, Brooder box, Vaccine Refrigerator & Carrier, Ventilation fans, Heating System, Sprayer, Sprinkler, De-feathering Machine, etc.

Godrej, Powersol, CRWFPC, AIRC, ERES, Solar System Integrators

FINANCE

Inclusive financing for setting up of decentralised poultry value chains with ownership at farmer collectives, producer groups or small scale entrepreneurs.

NLM, NABARD, Public Sector Banks, Regional Rural Banks - KVGB, Co-operatives, MFIs and NBFCs, SEMITI, SRLMs



POULTRY ECOSYSTEM

would require

TRAINING & CAPACITY BUILDING

Aiding grass root organisations and small scale entrepreneurs to utilise technologies, learn from best practices and apply them, as well as document new innovations and best practices from local implementations

Indian Council for Agriculture Research, NGOs, Veterinary Universities, AIRC, CRWFPC, ALPCO,

MODELS & LINKAGES

Integrating various dimensions of the supporting ecosystem in a manner best suited to local conditions and dynamics with a view to create decentralised systems.

SRLMs, HRDO, Dept. of Animal Husbandry (District), NGOS - COPSETI, SKDRDP, RUDSETI, Harsha Trust, Pradan, Wassan, Agragati, Poultry Federations and FPOs, JSWPCFL, TSRD, SeSTA, UDWIN

POLICY

Aiding grass root organisations and small scale entrepreneurs to unlock available schemes and share learnings and best practices.

National Livestock Mission Department of Animal Husbandry - National and States, DEDS, DIC-PMEGP/CMEG, Udyogini, NABARD, MSME-MUDRA and Agri and Animal Husbandry Dept. Schemes

Poultry + COVID 19

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Thank You!
For more information
please get in touch:

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www.covid-19.selcofoundation.org

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