

Rising fodder prices spell gloom for poultry sector

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The rising cost of fodder ingredients in the past few days has pushed the [poultry industry](#) into doldrums. An increase of the price of soya meal, a key ingredient, by almost Rs 1,000 per quintal, has left many small players worried.

Against the cost of Rs 3 an egg, the farm gate price is between Rs 2.65 and Rs 2.70. P Tamil Arsan, vice-president of National [Egg](#) Co-ordination Committee (NECC), Namakkal, the largest poultry cluster in India producing 32 million eggs a day, said the fall in price of eggs, coupled with a revision in feed cost, might force small players to exit the business.

There has been a drastic fall in the farm gate price of broiler as well. It fell from Rs 70 a kg in August this year to Rs 55 a kg in October. [Poultry farmers](#) are waiting for revival in demand after the navratras and hoping middlemen give up some percentage of profit for the larger interest of the business.

Poultry farmers had a double blow, as prices of eggs and chicken also plunged sharply in the past few weeks. The average prices of eggs and broiler fell by 10 per cent and 25 per cent, respectively, in October, compared to the corresponding period last year.

Traders attribute this to the gap between demand and supply. A Delhi-based trader, who did not wish to be

named, said broiler prices dropped due to the increased presence of bulk suppliers. Large players reap the economies of scale and glut the market with cheaper products.

BOILING UP Average farm gate price of eggs and broilers

Period	Average farm gate price	
	Egg (₹)	Broiler (₹/kg)
Oct 2013	3.30	70
Oct 2014	3.22	75
Oct 2015	2.70	55

Sources: NECC Namakkal and

The big houses in this space include Venkies, Sugna Foods, CP Foods, Shalimar Breedings.

While there are concerns about [soya meal](#) made from GM seeds and its repercussions on agriculture, David Green, a bio-tech expert, and president of Greenhouse Communications, who had visited the country last week on an invitation by the Centre, gave a solution to keep soya price under check. According to him,

Egg prices also registered a downward trend this year over last year due to proliferation of small poultry farms.

Arsan, director of Pepe Farms, is aghast at the sudden shift in food ingredients, price and is mulling substituting soya meal with guar meal, cotton seed and rapeseed. This might save him Rs 1 per kg.

With the dwindling margins, banks are reluctant to lend. Subsidies offered by the governments of Uttar Pradesh, Bihar and Odisha for the poultry industry have also affected the business in Namakkal, he said.

The Barwala poultry cluster in Haryana is also in a shambles. Parmod Singla, a former president of the Haryana Poultry Farmers Association, said egg prices were low because of the cartels of traders. Prices crashed only at farm gate levels but retail consumers are getting an egg at Rs 5 to Rs 6 an egg.

"A poultry farmer in Barwala is producing an egg at Rs 3.10 and selling at Rs 2.70. For each egg he is incurring a loss of 40 paise. Some small farms are on the verge of closure," he added.

"We sent a proposal to the Haryana government to provide us damaged wheat, rice, bajra and maize, instead of selling to bulk traders. This can help us with substantial cost saving. There has been no response. Traders buy the damaged stock from the government at half the price and book a fat margin in the open market when we buy from them," he said.