

Poultry: Country's second-largest industry

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Export of live poultry and meat from Pakistan increased from Rs.27 million in 2009-10 to Rs.1.08 billion in 2010-11 and it decreased to Rs. 365 million in 2011- 2012. Pakistan exports poultry and meat to Afghanistan, Iran, Vietnam and Hongkong.

The poultry sector is one of the most organized and vibrant segments of the agriculture industry of Pakistan. This sector generates direct and indirect employment and income for about 1.5 million people. Its contribution in agriculture and livestock is 6.4% and 11.5%, respectively. Currently the turnover of Pakistan poultry industry is about Rs. 564 billion.

Poultry meat contributes 25.8% of the total meat production in the country. The current investment in the poultry industry is about Rs 200.00 billion. The poultry sector has shown a robust growth of 8% to 10% annually, which reflects its inherent potential.

Poultry industry has flourished over the last few decades. Now it is the country's second-largest industry next to textiles with a turnover of approx. Rs 300 billion (\$3 billion). The last decade has seen significant investment in the industry, particularly in closed housing. Banks made net fresh loans of Rs 4 billion in one year to October 2011 before distributing additional loans of another Rs3 billion in the following year to October 2012.

Table 2: Production of Poultry Products

Type	Units	2009-10	2010-11	2011-12
Domestic Poultry	Million No's	77.35	78.51	79.68
Cocks	"	9.58	9.84	10.10
Hens	"	36.76	37.42	38.09
Chicken	"	31.02	31.25	31.48
Eggs	"	3676.00	3742.00	3809.00
Meat	000 Tonnes	102.40	104.43	106.51
Duck, Drake & Duckling	Million No's	0.59	0.56	0.54
Eggs	"	26.28	25.18	24.13
Meat	000 Tonnes	0.80	0.77	0.73
Commercial Poultry				
Layers	Million No's	30.41	32.54	44.10
Broilers	"	493.40	542.74	34.82
Breeding Stock	"	8.39	8.81	597.02
Day Old Chicks	"	515.36	566.89	9.25
Eggs	Million No's	8137.00	8690.00	623.58
Meat	000 Tonnes	603.47	662.18	9281.00
Total Poultry				
Day Old Chicks	Million No's	546.00	598.00	655.00
Poultry Birds	"	610.00	663.00	721.00
Eggs	"	11839	12857.00	13114.00
Poultry Meat	000 Tonnes	707.00	767.00	834.00

Source: Ministry of National Food Security & Research.

Table 1: Production of Poultry Products

Year	Poultry (000 Tonnes)	Eggs (Million Nos.)
2000-01	339	7,505
2001-02	335	7,679
2002-03	372	7,860
2003-04	378	8,102
2004-05	384	8,529
2005-06	512	9,712
2006-07	554	10,197
2007-08	601	10,711
2008-09	651	11,258
2009-10	707	11,839
2010-11	767	12,857
2011-12	834	13,114

Source: Federal Bureau of Statistics, Government of Pakistan.

Poultry farmers concede that poultry farms in Sindh have particularly benefited from bank loans in last two years but total financing has fallen short of their actual needs. The production of poultry and poultry products is given in Table 1.

It was not until the 1960s that the government, conscious of the need for more white meat due to rising population levels, encouraged the development of a commercial poultry sector in the country.

In 1962, the first commercial poultry farm was established in the country by Canada's Messers Shaver's with the help of PIA (Pakistan International Airline), resulting in PIA Shaver. In its early stages, the enterprise was looked on favorably by the government and any poultry or



related businesses were exempted from taxes. Simultaneously, a commercial poultry feed mill was started by Lever Brothers Pakistan Ltd., at Rahim Yar Khan, which was followed by other pioneers like Arbor Acres Ltd.

In the late 1990s, however, the poultry industry entered a period of stability, with producers securing higher profit margins. This decade has seen new investment and the implementation of environmental controls.

There has been a shift away from traditional open houses to semi and completely closed automated houses, leading to the flourishing industry up until 2004.

At present commercial poultry production is concentrated around the large urban centers in the provinces of Sindh and Punjab and initially at Karachi, Lahore with the passage of time; it is now fairly well spread all over the country.

In the provinces of Sindh, there are farms in Mirpurkhas, Sukkur, Nawabshah

as well as in other small cities. Similarly, in the province of Punjab, poultry farms have been well established in the areas of Rawalpindi, Faisalabad, Multan, Lahore, Bhawalpur, Rahimyar Khan and Mianwali. The large scale investment and proper incentives have now resulted in the establishment of 28,000 commercial poultry farms in the country, 150 feed mills with the capacity to produce 2,821 million tonnes of compounds feed per annum. Production of domestic/Rural commercial poultry products are given in Table 2.

Investment: Investment in poultry farming and expansion in sales network of poultry meat in the last few years has given a boost to local sales and made it the cheapest meat available in the country. To some extent this has provided relief to consumers against a sharp increase in prices of red meat owing to its increasing exports. Fresh local investment in poultry farming have now started paying dividends in terms of higher number of poultry birds and increased production of white meat.

Table 3: Export of Poultry Live and Meat

Year	Poultry Live		Poultry Meat	
	Quantity (000 Nos)	Value (Rs. Million)	Quantity (Tonnes)	Value (Rs. Million)
2009-10	151	27	--	--
2010-11	1,553	291	553	788
2011-12	2,131	319	319	46

Source: Federal Bureau of Statistics, Government of Pakistan.

Table 4: Whole Sale Prices of Egg Farm
Rs. Per Crate of 30 Dozen)

Markets	2006-07	2007-08	2008-09	2009-10	2010-11
Karachi	940.70	1346.20	1597.20	1782.90	1830.00
Lahore	1009.50	1311.20	1620.00	1890.80	1925.00
Rawalpindi	1030.80	1285.40	1606.60	1856.80	1920.0
Hyderabad	971.20	138.00	1625.40	1876.20	1935.0
Peshawar	1057.00	1323.30	1633.30	1911.20	1990.0
Quetta	1109.50	1441.60	1752.0	1897.70	1910.0

Source: Federal Bureau of Statistics, Government of Pakistan.

A part of this investment is said to have been made by those who had earned enough money from the same business and are now expanding production facilities. But some investment has also come in from abroad, basically in the shape of technical support to poultry feed mills and hatcheries and some extent towards poultry farms in fighting poultry diseases.

Bankers say that high growth in live-stock sector (which includes poultry farming) has created some demand for bank credit. They admit that certain issues like the collateral quality make it difficult for them to meet full demand but insist that part of the financial requirements of poultry farmers and livestock breeders is being fulfilled by banks.

Latest data show that banks made net fresh loans of Rs 4 billion in one year to October 2011 before distributing additional loans of another Rs3 billion in the following year to October 2012. Poultry farmers concede that poultry farms in Sindh have particularly benefited from bank loans in last two years but total financing has fallen short of their actual needs.

Demand: As income levels rise in the countryside one sees larger intake of poultry meat even in remote towns and smaller cities of Sindh and Punjab. Opening of new branches of KFC, McDonald and other global brands and establishment of local restaurants and eateries are also contributing to higher

consumption of value-added poultry meat products.

Of late, vertically integrated poultry and ready-to-cook food sector companies K&Ns, Mon Salwa (Quick Food Industries) and Season's Menu have started making their presence felt in local sales and exports of chicken-based food products.

They have extended their networks of retail outlets. K&Ns, for example, now runs 80 shops in 22 major cities of the country.

Cities like Karachi, Lahore, Rawalpindi and Islamabad have seen constant expansion in the company's retail outlets in the last few years. Recently, K&Ns was selected for case study by Harvard Business School. Similarly, Quick Food Industries (producer of Mon Salwa brand)

now boast of 166 outlets across eight major cities of the country. About a dozen chicken-based Mon Salwa products have helped the company retain its leading position in exports of a wide range of ready-to-cook food items. Seasons Food Ltd (producer of Menu brand) also sells a big variety of ready-to-cook chicken based food products and maintains its own supply chain, from producing poultry birds to processing and freezing its meat and manufacturing chicken-based eatables.

Exports: The poultry industry has tremendous potential of making value-addition, which is evident from successful operation of world-renowned food chains in Pakistan.

The poultry industry is one of the largest and fastest growing agro-industries world wide. This can be accredited to an increasing demand for poultry meat and egg products. Export of poultry live and meat decreased from Rs1.08 billion in 2010-11 to Rs 365 million in 2011-12. Main markets are Afghanistan, Iran, Vietnam, Bahrain, Turkey and Hongkong. Export of poultry live and meat are given in Table 3. There was considerable scope for the export of eggs for breeder stock and substantial foreign exchange could be earned from the export of poultry products.

Prices: The extreme cold weather has multiplied demand and prices of eggs and chicken in the country. Normally in winter, season, poultry consumption, especially that of eggs, increase which

Table 5: Whole Sale Prices of Chicken Farm
Rs. Per 01 Kg.

Markets	2006-07	2007-08	2008-09	2009-10	2010-11
Karachi	69.90	81.40	103.40	138.70	145.30
Lahore	61.00	68.00	84.90	107.90	110.50
Rawalpindi	65.70	68.90	90.60	114.70	118.00
Hyderabad	70.80	75.60	93.70	118.50	125.35
Peshawar	72.50	78.60	103.30	132.50	138.0
Quetta	72.80	78.50	101.90	135.20	139.80

Source: Federal Bureau of Statistics, Government of Pakistan.

ultimately results in increased prices. But, according to market sources, the prices of these two essential commodities have increased during the last five years. Due to increase in transport fares and gas load shedding pushed up the prices. Wholesale prices of chicken and farm eggs are given in Table 4 and Table 5.

Problems: Crippling long-hour electricity load-shedding, coupled with scorching heat, has hit the poultry industry such that each unit of electricity is costing poultry house to owners.

Owing to prolonged power breakdowns, generators also failed to operate and run at maximum 60% of their capacity, costing high per unit.

Pakistan Poultry Association former Chairman Abdul Basit said that poultry products are sold below the price of their original cost during eight months of every year. However, chicken prices start to go upward during the rest of four months, then industry is able to compensate its losses incurred throughout the year. However, July, August and September are the worst months for poultry sector.

Hence, during this period the production of chicken decreased manifolds while demand goes up sharply, as this is the period of school vacation and weddings, thus resulting increase of demand for poultry products.

This wide gap of demand and supply pushes the rate of chicken meat upward, but it is considered that poultry farmers are manipulating the rates on the eve of Eid, as this festival is also falling in July-September for the last decade.

Abdul Basit suggested that the government should give priority to the trade / industry as far as supply of electricity is concerned as the low productions phenomenon has taken hostage export-oriented industry thus depriving the country of much-needed foreign exchange.

Future Prospects: The government has fixed 13,813 million tonnes egg production target for the current financial year 2012-13. Egg production which is an important source of protein has already surpassed its target by 6.5% increase in last fiscal year 2011-12.



Pakistan had achieved about 834 thousand tonnes poultry production against the target of 758 thousand tonnes in financial year 2011-12 and it was expected that the sector would also reach the next target of 937 thousand tonnes, which is set for current fiscal year 2012-13.

Industry sources said that actual production should touch a million-tonne mark by the end of the fiscal year in June 2013. They say that higher-than-estimated growth is being witnessed in Punjab where poultry farming has lately become more modernised. Punjab alone is set to produce 660,000 tonnes of white meat or 66% of the country's total output. In the last fiscal year too, Punjab's share was about 66% or about 550,000 tonnes in absolute terms.

These estimates of Punjab Livestock / Dairy Development Department and of Pakistan Poultry Association (PPA) include both flocks of birds at commercial poultry farms and those being raised by rural household setups or at traditional backyard farms. Poultry production in traditional rural setups is also being gradually modernised as farmer's income and savings have improved on the back of better agriculture performance in the last few years.

Latest data shows that the number of poultry farms in Punjab fell to 22,763 in June 2012 from 23,547 in June 2010. But despite a decline in the number of poultry farms, the average per-farm production of poultry birds has been on the rise with the result that poultry bird population soared from 393 million as of June 2010 to 709 million as of June 2012. This results of fresh investment in poultry farming.

Many progressive poultry farmers in the last three years, have doubled the number of poultry population at their farms through a combination of things like reduction in the number of days spent on growing birds and higher ratio of per bird meat.

In the local market, the increased poultry production had released the pressure on the demand for beef and mutton. For the past many years, the poultry meat, being cheaper as compared to beef and mutton, has delivered great nutritional support to consumers.

Commercial poultry farming has become a major industry and it now meets 40% of the total domestic meat consumption.

Per capita poultry meat consumption currently stands at only 5kg and 51 eggs per annum, compared with 4 kg and over 300 eggs per capita per year in developed countries. There is still great scope for the home market to increase its consumption levels.

The present challenges in poultry farming are poor law and order situation, acute power shortages, higher prices of poultry feed and scant resources to combat breakout of poultry diseases which kills thousands of birds. ♦