

# Poultry: Pakistan's Fastest Growing Industry

by Dr. Noor Ahmed Memon

Poultry sector is one of the most organized and vibrant segments of the agriculture industry of Pakistan. This sector generates employment (direct/indirect) and income for about 1.5 million people. Its contribution in agriculture is 5.76%, livestock 10.4% and in GDP at constant cost factor 1.2%. Poultry sector has shown a robust growth at 7% to 8% annually, which reflects its inherent potential. The poultry value added at constant cost factor has increased from Rs 113 billion (2011-12) to Rs 122 billion (2012-13) showing an increase of 7.3% as compared to previous year.

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 564 billion. The last decade has seen significant investment in the industry, particularly in closed housing. 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.

**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
2012-13	907	13,813

Source: Federal Bureau of Statistics, Government of Pakistan.

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 centres 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 25,000 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

**Table 2: Production of Poultry Products**

Type	Units	2009-10	2010-11	2011-12	2013-13
<b>Domestic Poultry</b>	Million No's	77.35	78.51	79.68	80.87
Cocks	"	9.58	9.84	10.10	10.38
Hens	"	36.76	37.42	38.09	38.78
Chicken	"	31.02	31.25	31.48	31.72
Eggs	"	3676.00	3742.00	3809.00	3878.00
Meat	000 Tonnes	102.40	104.43	106.51	108.62
<b>Duck, Drake &amp; Duckling</b>	Million No's	0.59	0.56	0.54	0.54
Eggs	"	26.28	25.18	24.13	23.13
Meat	000 Tonnes	0.80	0.77	0.73	0.70
<b>Commercial Poultry</b>					
Layers	Million No's	30.41	32.54	44.10	47.00
Broilers	"	493.40	542.74	34.82	37.25
Breeding Stock	"	8.39	8.81	597.02	652.72
<b>Day Old Chicks</b>	"	515.36	566.89	9.25	9.71
Eggs	Million No's	8137.00	8690.00	623.58	685.94
Meat	000 Tonnes	603.47	662.18	9281.00	9912.00
<b>Total Poultry</b>					
<b>Day Old Chicks</b>	Million No's	546.00	598.00	655.00	718.00
Poultry Birds	"	610.00	663.00	721.00	785.00
Eggs	"	11839	12857.00	13114.00	13813.00
Poultry Meat	000 Tonnes	707.00	767.00	834.00	907.00

Source: Ministry of National Food Security & Research.



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. It is one of the largest agro-based segment of Pakistan having an investment of more than Rs732 billion.

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 livestock 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.

Banks made net fresh loans of Rs4 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, MonSalwa (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 worldwide. This can be accredited to an increasing demand for poultry meat and egg products. Export of poultry live and meat decreased from Rs 1.08 billion in 2010-11 to Rs 365 million in 2011-12.

Main markets are Afghanistan, Iran, Vietnam, Bahrain, Turkey and Hong Kong. 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.

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

Owing to prolonged power break-downs, generators also failed to operate and run at maximum 60% of their capacity, costing high per unit cost. 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 last few months, and 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 manifold, 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:** Egg production which is an important source of protein has already surpassed its target by 6.5% increase in last fiscal year 2012-13. Presently turnover of Pakistan poultry industry is about Rs 564 billion. About 40% of the total meat consumption is being procured from poultry products.

Pakistan had achieved about 907 thousand tonnes poultry production against the target of 900 thousand tonnes in financial year 2012-13 and it was



expected that the sector would also reach the next target of 950 thousand tonnes, which is set for current fiscal year 2013-14.

Industry sources said that actual production may touch a million-tonne mark by the end of the fiscal year in June 2014. They say that higher-than-estimated growth is being witnessed in Punjab, where poultry farming has lately become more modernized. 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 modernized as farmer's income and savings have improved on the back of better agriculture performance in the last few years.

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 5.5kg and 55 eggs per annum. Where as developed world is consuming 25-28 Kg meat and over 250 eggs per capita per year. 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

Poultry development policy envisions sustainable supply of wholesome poultry meat, eggs and value added products to the local and international markets at competitive prices and also to facilitate and support private sector-led development for sustainable poultry production. The strategy revolves around improving the regulatory framework, disease control and genetic improvement in rural poultry, high tech poultry production under environmentally controlled housing, processing and value addition, improving bio-security, need based research and development and farmers training and education. It envisages poultry sectors growth of 15% to 20% annually. ◆

**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.