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RBI Working Paper No. 05 / 2024: Livestock and Poultry Inflation in India - A Study of Milk, Poultry Meat and Eggs

Today the Reserve Bank of India placed on its website a Working Paper titled, "[Livestock and Poultry Inflation in India: A Study of Milk, Poultry Meat and Eggs](#)" under the Reserve Bank of India Working Paper Series¹. The paper is co-authored by Shyma Jose, Manish Kumar Prasad, Sabarni Chowdhury, Binod B. Bhoi, Vimal Kishore, Himani Shekhar and Ashok Gulati.

The paper provides a framework for understanding the price dynamics of livestock and poultry products in India by employing a balance sheet approach to capture the supply-demand dynamics. The paper also attempts to comprehend the value chain in the livestock and poultry sectors, and estimate farmers' share in the consumer rupee.

The major findings of the paper are:

- i) The farmers' share in the consumer rupee is estimated at 70 per cent for milk and 75 per cent for eggs; for poultry meat, the share of farmers and aggregators taken together is 56 per cent.
- ii) The empirical analysis using Autoregressive Distributed Lag (ARDL) models suggests a significant negative relationship between availability/ availability to usage ratio and consumer price index (CPI) of the livestock and poultry products, controlling for input costs.
- iii) The forecasting analysis generally indicates a superior performance of the Seasonal Autoregressive Integrated Moving Average with Exogenous Variable (SARIMAX) models, incorporating the relevant balance sheet variables, over different forecast horizons.
- iv) The analysis highlights that insights from the balance sheet variables can strengthen the understanding of the price dynamics of dairy/poultry products and help in designing appropriate policies to contain their price volatility.

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(Puneet Pancholy)
Chief General Manager

¹ The Reserve Bank of India (RBI) introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the RBI and at times also those of external co-authors, when the research is jointly undertaken. They are disseminated to elicit comments and further debate. The views expressed in these papers are those of the authors and not of the institution(s) to which they belong. Comments and observations may please be forwarded to the authors. Citation and use of such papers should take into account its provisional character.