
Impact of Avian Influenza in the Indian Poultry Industry: A Supply Chain Risk Perspective

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Abstract: In all the food supply chains around the world, the biggest risk that hits the supply chain is the procurement risk or the input risk i.e. contaminated or infected raw materials such as meat cattle infected with mad cow disease or from birds with flu etc. Due to the non availability of track and trace mechanisms, mass culling or killing happens when detected. Frequently, food products are sold before there is a realization of input contamination. Thus, in most food supply chains the biggest risk factor is the procurement risk more so because the downstream food processing and retailing activities are generally standardized with certified processes. The "avian influenza" or "bird flu" threat during early 2006 in India had resulted in losses to the tune of over INR 2200 crores to the Indian poultry industry. Realizing that this is more than a health care issue, we study the impact of the outbreak on entire poultry supply chain from a risk perspective. Even though the poultry industry in India is a success story, it is largely characterized by supply chain inefficiencies and inadequate infrastructure. This report aims to analyze the risks faced by the poultry supply chain in event of an epidemic. We investigate the impact of the bird flu on the poultry supply chain by identifying risk factors, the losses/gains and mitigation strategies used by different players in the supply chain. Our conjecture is that the integrity of supply chain partners in reporting to their respective upstream/downstream players of the outbreak of disease is a crucial factor which needs to be monitored closely thus improving visibility in the supply chain and making it more resilient.

Keywords: Poultry Supply Chain, Avian influenza, Supply Chain Risk Management, Risk trust hierarchy

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