

## Avenues For the Progress of Dairy Farming in India

**Priyanka A.Dahiwale, Pranjali B. Meshram, and Abasaheb K. Parade**  
Department of Animal Husbandry and Dairy Science, Mahatma Phule Krishi Vidyapeeth,  
Rahuri- 413722, Ahmednagar (MH)

ARTICLE ID: 09

### Avenues/ Opportunities for The Progress of Dairy Farming in India

The Dairy Industry has a bright future in India and is a viable alternative for farmers because of,

- Low cost of production
- Easy availability of finance
- Low dependency of monsoon and quick cash flow
- Waste material of dairy farm can be used as manure or in biogas plant

All these things are making it a profitable industry. Also, there is a huge potential for capturing the large unorganized market base in dairy. There is need to improve the milk production and infrastructure, for linking procurement to manufacturing facility, processing and packaging innovations taking into account local preferences and improving technology.

There are three A's of marketing



1. Availability
2. Acceptability
3. Affordability

Indian dairying is already endowed with the first two. People in India love to drink milk. Hence no efforts are needed to make it acceptable. Its availability is not a limitation either, because of the ample scope for increasing milk production, given the prevailing low yields from dairy cattle. It leaves the third vital marketing factor affordability.

**How to make milk affordable for the large majority with limited purchasing power?**

That is essence of the challenge. One practical way is to pack milk in small quantities of 250 ml or less in polythene sachets. Already, the glass bottle for retailing milk has given way to single-use sachets which are more economical. Another viable alternative is to sell small quantities of milk powder in mini-sachets, adequate for two cups of tea or coffee.

**The demand for milk in India arises from three main user's groups:**

1. The household sector mainly for the purpose of drinking and secondly, for conversion into milk products such as curd, butter, buttermilk, lassi and ghee for family use.
2. The unorganized sector for urban liquid milk marketing and production of mithais and other traditional products.
3. The organised sector that processes milk into pasteurized liquid milk and largely western products.
  - a. The demand for milk and its products has increased considerably in India in the recent years, and has strong potential for further growth.
  - b. Several socio-economic factors are responsible for this trend.
  - c. The per capita consumption of milk in many parts of the country does not meet the minimum nutritional standards of the country and that of many developed and developing countries.
  - d. Another factor responsible for the increase of the demand for milk and dairy products is its income-elastic nature.
  - e. This demand is expected to increase with the growth in the per capita income of the people.
  - f. Empirical evidence shows that the composition of the food basket of an average Indian is gradually shifting towards livestock products.
  - g. Other socio-economic and demographic factors such as urbanization, changing food habits, and lifestyle also reinforce growth in demand for dairy products.

Now, India is a net exporter where the dairy products are concerned. The exports of the most products shows an increasing trend till the year 2005-06 and then start declining from the year 2006-07 onwards. This is synonymous with the ban on exports that was imposed during that period. The exports figure from April 2008 to August 2008 are Rs. 55761 lakhs whereas the imports during the same periods are Rs. 1396.71 lakhs.



WTO regulations expected to come into force in coming years all the developed countries which are among big exporter today would have to withdraw the support and subsidy to their domestic milk products sector. Also, India today is the lowest cost producer of per litre of milk in the world compared with U.S and Japan. Also to take advantage of this lowest cost of milk production and increasing production in the country multinational companies are planning to expand their activities here. Some of these milk producers have already obtained quality standard certificates from the authorities. This will help them in marketing their products in foreign countries in processed form.

**India has the potential to become one of the leading players in milk and milk product exports.**

**Location advantage:**

India is located amidst major milk deficit countries in Asia and Africa. Major importers of milk and milk products are Bangladesh, China, Hong Kong, Singapore, Thailand, Malaysia, Philippines, Japan, UAE, Oman and other gulf countries, all located close to India. India will have distinct competitive advantages, which can be leveraged to enhance

**Exports:**

- ✚ **Low Cost of Production:** Milk production is scale insensitive and labour intensive. Due to low labour cost, cost of production of milk is significantly lower in India.
- ✚ **Quality:** Significant investment has to be made in milk procurement, equipment, chilling and refrigeration facilities. Also training has to be imparted to improve the quality to bring it up to international standards.
- ✚ **Productivity:** To have an exportable surplus in the long-term and also to maintain cost competitiveness, it is imperative to improve productivity of Indian cattle.