

PROSPECTS AND OPPORTUNITIES IN DAIRY INDUSTRY IN INDIA



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PRESENTATION OUTLINE

- Overview of Dairy sector in India
- Marketing Scenario
- Export Potential
- Potential for further growth
- Important issues for Dairy Business in India
- Conclusion



OVERVIEW OF INDIAN DAIRY SECTOR

- Due to Operation Flood program, launched in 1970, India transformed from a milk-deficient nation into the world's largest milk producer, surpassing the USA in 1998, with about 18 percent of global output. It was a project of National Dairy Development Board (NDDB) of India, which was the world's biggest dairy development program.
- In 30 years it doubled milk available per person with the per capita availability of 375 gm per day and made Dairy Farming India's largest self-sustainable rural employment generator. It was launched to help farmers direct their own development, placing control of the resources they create in their own hands. All this was achieved not merely by mass production, but by production by the masses; the process has been called the **white revolution**.



Overview.....

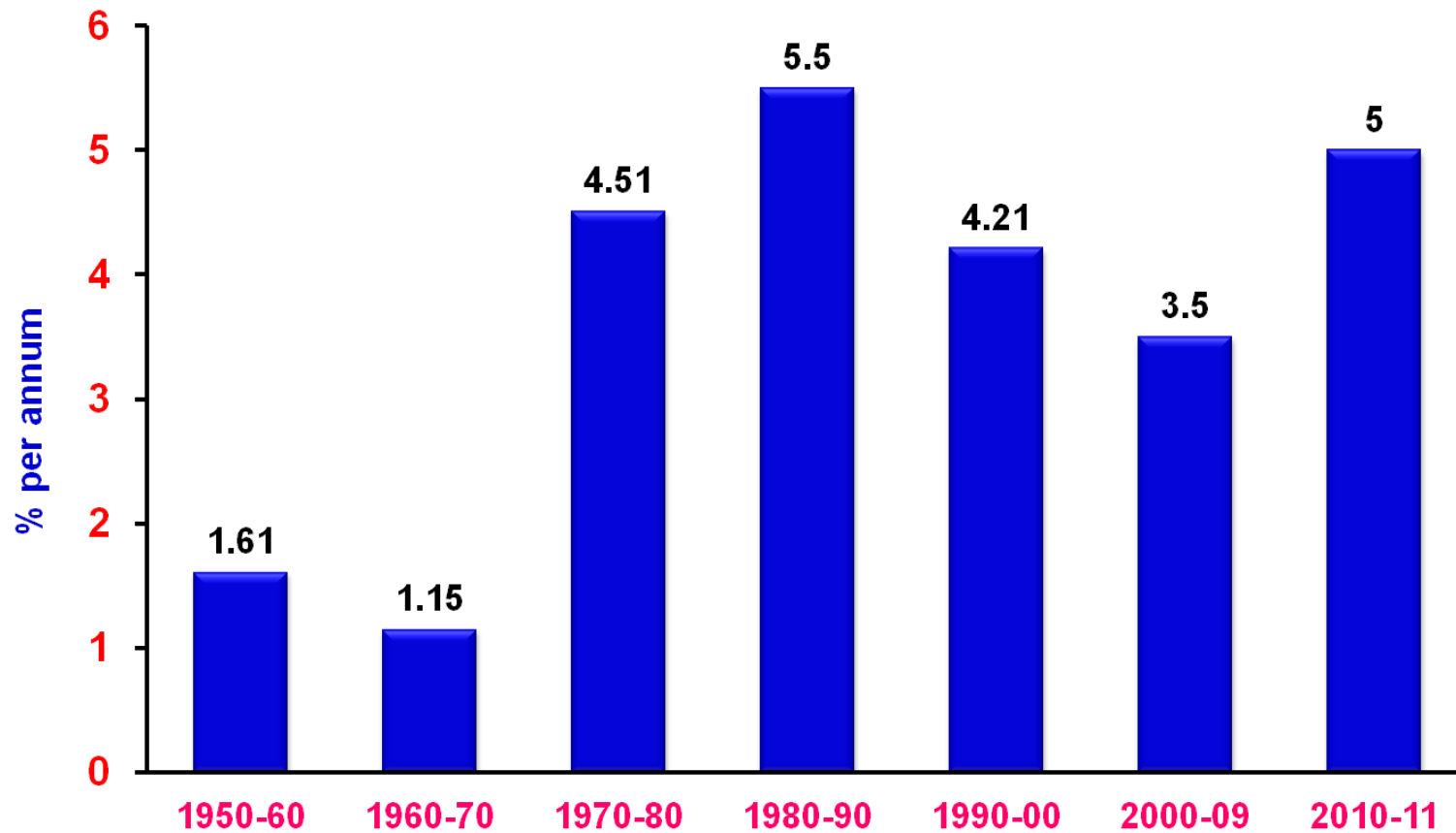
- Livestock sector: GDP exceeding Rs. 5,60,000 crores
- Milk group has highest contribution to livestock output (about 70-73%)
- At present, India producing 176 MT of milk – i.e. 18 % of the world and 57 % of Asia's total production
- Largest milch animals in the world: More than 200 million cattle and 100 million buffaloes
- When the world milk production registered a negative growth of 2 %, India performed much better with 4-5 % growth

Overview.....

- Dairy development in India has been acknowledged the world over as one of the most successful developmental program of modern India
- With substantial and continued investment in building up milk production, India can emerge as a major exporter of dairy products and technologies in the next few decades



GROWTH RATE IN MILK PRODUCTION

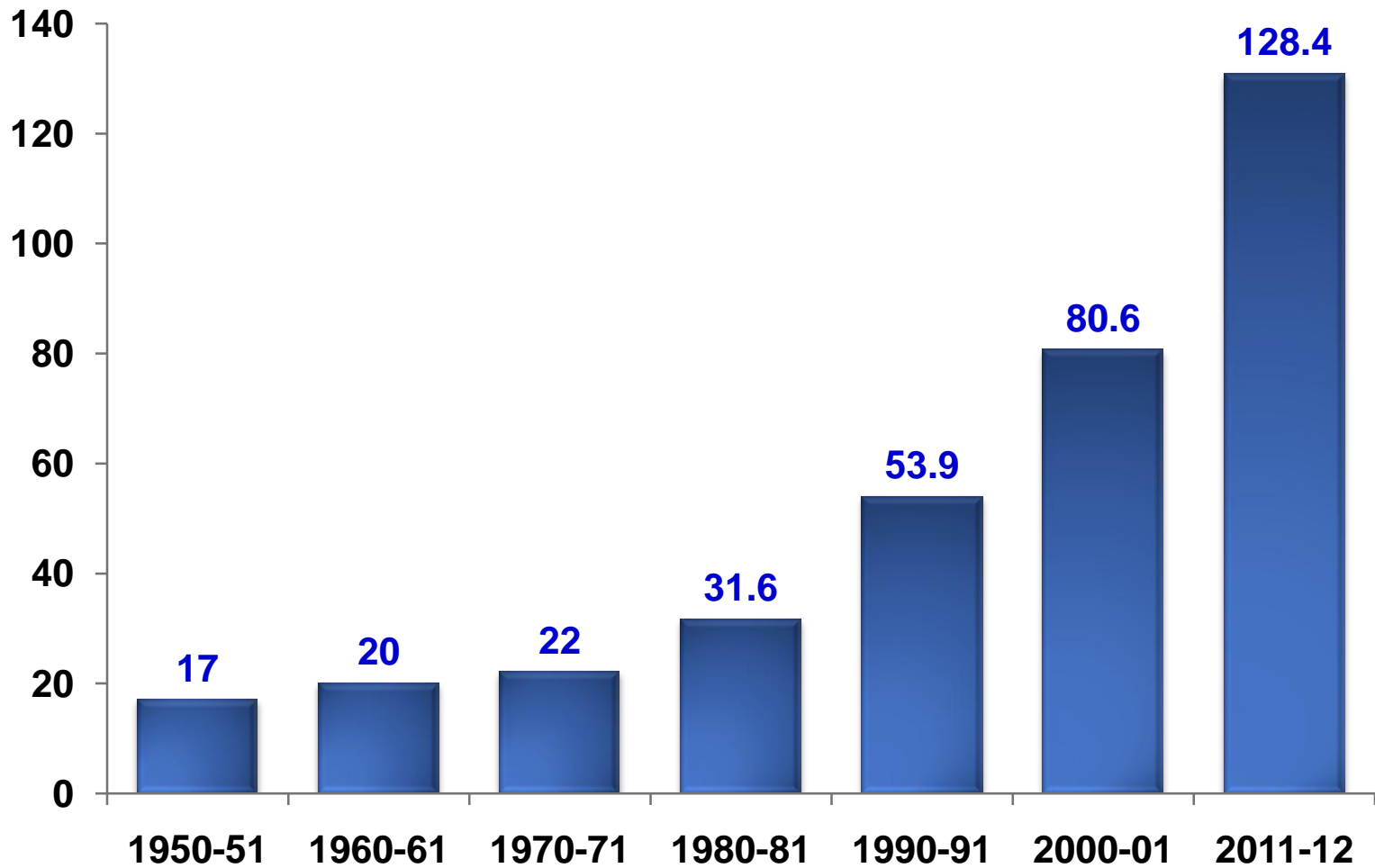


DAIRYING: THE MAJOR FOOD ENTERPRISE

- In 1964-65 rice production was 39.3 MT which increased to 100 MT
- In corresponding period, milk production increased from 17 MT to 128 MT
- In 2010-11, the outcome of milk and milk products was more than sum of outcome of wheat, rice and sugarcane.



TREND IN MILK PRODUCTION IN INDIA



MARKETING SCENARIO

- India: assuming an important position in the global dairy industry.
- Many international dairy companies are eyeing to tap its vast growing market for dairy products
- Similarly, many Indian companies would also like to tap other markets
- India's dairy market is multi-layered, shaped like a pyramid
- Base made up of a vast market for low-cost milk.
- The narrow tip at the top is a small but affluent market for western type milk products



GROWTH RATE OF MAJOR DAIRY PRODUCTS IN THE ORGANIZED SECTOR

Products	Annual growth rate (%)
Liquid /Flavoured milk	08-10
Traditional Sweets	05
Ghee	05
Baby food	03
Skim milk powder	06
Ice-cream	10-15
Butter	08-10
Dairy Whitener	10-15
Whole Milk Powder	02-03
Cheese	10-15



EXPORT POTENTIAL

- The cost of milk production in India is significantly lower due to:
 - Low feed cost and
 - Lower labour cost
- Overall 70 per cent of world's milk is more expensive than Indian milk
- India is located amidst perennially milk deficit countries like Nepal, Bhutan, Bangladesh and myanmar
- Major potential importers will be Bangladesh, Hong Kong, Singapore, Thailand, Malaysia, Philippines, Japan, UAE, Oman and other Gulf countries
- India, thus, enjoys a strategically advantageous geographical location in terms of international trade of dairy products

POTENTIAL FOR FURTHER GROWTH

- Huge scope for both organized and unorganized sector: as organized industry accounts for less than 20%
- The emergence of organized food retail chains is expected to boost growth in sales of packaged dairy products
- Organized food retail in India is expected to grow to 150 billion by 2020
- Large growth in Dairy Industry in the country is also expected due to several demographic factors:
 - Increasing affordability
 - Increased number of nuclear families and working women, and
 - Rising exposure to western/package dairy products such as yoghurts, UHT milk, Functional & Probiotic Dairy foods

Important issues for Dairy Business in India

- Clean milk practices at producer level
- Efficient transportation
- Good infrastructure for bulk coolers/Chillers
- Value addition of Milk & milk products through processing
- May use the potential of Buffalo Milk to manufacture and export the Mozzarella Cheese
- May also utilize the potential of Goat Milk and make value added products – fresh Cheese, Chenna murki etc.
- Avail of the government Initiatives/funding



CONCLUSION

- Dairy business is emerging as potential sector in India
- India could be choice of investors with government support
- Government should support further to dairy sector and Pvt-Public Partnership (PPP) can be good model for India as infra-structural facilities at all stages of milk handling are important for quality production
- Investors can focus on Novel/Innovative Dairy Products for domestic and export market
- Improve the manufacturing process & Packaging of TDP
- Milk specialties can also be a choice for their functional values



