



## INDIAN DAIRY INDUSTRY: NEW HOPE FOR AGRICULTURAL SECTOR

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### ABSTRACT

Literally the word agriculture means the cultivation of soil. Soil may be cultivated for various purposes such as animal husbandry, tree culture, forestry, irrigation, fish hatcheries for farming and many other activities. In 1960's the agriculture sector was synonymous to the word green revolution. In 1970's revolution in the field of animal husbandry was introduced which was termed as white revolution or operation flood and Dr. Varghese Kurien was the man behind revolution he is considered as father of white revolution. This was a rural development programme started by India's National Dairy Development Board (NDDB). Revolution contributed in the poverty alleviation of rural areas through various ways. This paper is an attempt to look into the development of the dairy industry. In this paper I tried to find out the challenges in front of dairy industry and the impact of government's policies on it. In contemporary period this sector is showing great potential and different modern techniques are introduced in this sector for the development of industry paper will touch all these aspects.

### KEYWORDS :

### INTRODUCTION

Dairy industry is of crucial importance to India the country is one of the world's largest milk producer, this is possible only because of operation flood or white revolution which was introduced in 1970's in India. There is a huge demand for dairy products in India which ensure the dairy industry in India. There is a segment of population in India for which the dairy products are only source of animal fat.

India is a welfare state with mixed economy and in such arrangement not only businessmen and farmer but government of India also concerned with this industry as it affects the rural sector directly where about 2/3rd population of India lives. So, dairying has been considered as one of the activities aimed at poverty alleviation in rural areas in the rain fed and drought prone regions. In India the milk production in 1985-86 was 44mt which got doubled by 2003-04. According to the data of agriculture ministry today the milk production in India is 137.7 MT and a rapid increase in the milk production is experienced during the last decade this also affected the dairy business positively. Leading producer of milk is U.P. which produces 24194(000 tonnes) (according to agriculture at glance).

Government played crucial role in the development of this sector. The expenditure on dairying, animal husbandry and fisheries was 18721.50 crore in 2012-13 it was increased by 1000 crore. The share of this sector in budget is continuously increasing apart from this; government of India has started various schemes to benefit the farmers. Several programmes are also run by state governments. All these things collectively boost up the dairy industry which is a good sign for dairy industry as well as farmers. That's why this could be termed as golden era of dairy industry.

### STUDY AREA

My study area is India. It is a systematic study of dairy farming. In present paper an attempt is made to understand the development of dairy farming.

### METHODOLOGY

This study is based on secondary data collected from the website of agricultural ministry, research papers, and articles. The data is divided into three headings: 1) dairy industry and its evolution, 2) policies of government for dairy industry, 3) challenges for dairy industry.

Data is represented through tables.

### DAIRY INDUSTRY AND ITS EVOLUTION:-

Dairy sector witnessed a spectacular growth "between" 1971-96 i.e. operation flood era. Milk production in India grew from 21ml. tonnes

to 69 ml. tonnes by 1996. This threefold growth in milk production itself narrates the success story of operation flood. According to the data of 2013-14 now the milk production in India is 137.7 ml. tonnes.

years	Milk production(in million tonnes)
2003-04	88.1
2004-05	92.05
2005-06	97.1
2006-07	102.6
2007-08	107.9
2008-09	112.2
2009-10	116.4
2010-11	121.8
2011-12	127.9
2012-13	132.4
2013-14	137.7

population in the country as on October 2000 stood at 313 ml. more than 50% of the buffaloes and 20% of the cattle in the world are found in India and most of these are mulch buffaloes.

Indian dairy sector contribute the large share in agricultural gross domestic products. There is a big no. of cooperative dairy which are working in this sector these are providing employment to nearly 72 ml. farmers. India is one of leading producer of the world.

country	Milk yield(kg. per year)
USA	7002
UK	5417
Canada	5348
New Zealand	2976
Pakistan	1052
India	795

Milk production is directly linked with the dairy industry. This sector was of least interest few decades ago but now the competition in this sector is increasing rapidly. It is often stated by the business community that it will be a cream run for dairy industry for next 3 years. According to CRISIL "India's organised dairy sector will see a 'cream-run' through 2018 with special focus on value added products. the sector will see capacity augmentation to around 1050 lakh litter per day will overall capex infusion of around 15000 crore rupees in next 3 years."

The fruit of this growth will be shared by new players but a high amount of the overall capex is expected to be undertaken by the largest domestic dairy players. Amul, Mother Dairy etc. are among them.

CRISIL rated 84 firms comprising 60% of organised dairy capacity in India. The organised segment takes up revenues of 75000 crore rupees currently.

The sector is increasingly becoming attractive for private equity as it is ranked among the top 10 sectors in India the investment in this sector was just 2% a decade ago which is now attracting 6% according to a report investment in this sector has been 900 crore since 2010.

But the export data do not justify the growth of this sector, if we look at the export data we will find that a large amount of milk produce by India is consumed at domestic level according to NDDB about 40% of this is retained by producers (farmers) for household consumption. Another 41% share is with unorganised segment. Only 19% is produced and sold through organised dairies currently despite of this fact the dairy players are keen interested in the sector as they are driven by value added products, which grew 23% annually compared with 15% liquid milk. The share of value added products in fiscal in fiscal 2015 is estimated at 43% up from 35% in fiscal 2010.

#### **POLICIES OF GOVERNMENT FOR DAIRY INDUSTRY:-**

Operation flood was first and most important step taken by government of India to boost up this industry Dr. Varghese kurien was the creator of this programme. The intention of government behind it was to help the small farmers. A 'national milk grid' link milk producers throughout the India with consumers in over 700 cities, reducing seasonal and regional price variations while ensuring that the producer gets a major share of price consumer pay. This motivated the farmers to increase the milk production and most probably the first right step in the direction to ensure the availability of quality raw material for dairy industry.

Apart from this for the production of milk industry after the white revolution high import duties, non-tariff barriers, restrictions on import and stringent licencing provision were made by government of India. This provided employment to large no. of landless farmers. The white revolution was started in Gujarat and with its success over the years, other states has started implementing the concept of white revolution. Emulating the concept amul, Uttarakhand is preparing to bring the white revolution by adopting modern dairy technology and state provide financial help to those who successfully understate the training. Haryana is also trying to improve the situation of dairy farming in this process government is supporting landless farmers and providing financial help and aides to rear animals.

#### **CHALLENGES FOR DAIRY INDUSTRY:-**

Since the dairy industry was liberalized in 1991, a very large no. of private companies is working in this sector. But there are so many challenges for those who are working in this sector as 88% share of total milk production is commanded by unorganized sector and only 12% share of milk production is in the hands of private and cooperative dairies. Although there are chances of increase in this sector which can't be ignored. Among these challenges procurement of fresh milk is the most crucial element for dairy players. It is not feasible to transport procure milk beyond 170-200 km. radius. The perishability and associated transportation costs forces processors to have multiple sourcing, processing and distribution another challenge is low productivity and yield. The cold storage and supply chain infrastructure also need to be developed.

#### **CONCLUSION**

If we look at the growth of milk production in India we can say that India has potential to become one of the leading players in milk and milk products production. Not only production but its location provides advantage to become leading exporter India is located amidst major milk deficit countries.

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