

# Growth and Development of Indian Dairy Sector: A Pragmatic Analysis

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## **Abstract**

The dairy cooperatives play an important role for rapid development of rural people. This goes a long way in eradication of poverty and establishment of real democratic system of governance. Dairy is a major sub- sector allied to agriculture. The dairy cooperatives play an important role for rapid development of rural people. This goes a long way in eradication of poverty and establishment of real democratic system of governance. Dairy is a major sub- sector allied to agriculture. The weaker sections of the economy are very much helped by this sector. They can earn their livelihood by this sector. The societies of dairy cooperative have been built with a great intention to support the members in different areas of economics, management and technology. Liberalization brings foremost developments in the dairy sector of the economy. Development of the dairy sector in the nation can be measured through the increased milk production, availability of different sources for it, enhanced per capita consumption of milks, and use of the product in various types of milk- made productions. Taking this into account the present paper is an attempt to put a lime light on the growth and development of dairy sectors in India with a special reference to the dairy industry in Odisha.

## **Keywords:**

Dairy Industry, Economic Development, OMFED, Odisha

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## **Introduction**

With the onset of market driven economy in the early nineties, fast changes have taken place in all spheres of life as a result of competitive environment created in the economy .As a consequence, rural development as a process is being looked at more holistically. Our policy makers now have a more comprehensive outlook on rural development which encompasses economic, agricultural, industrial, and infrastructural and management aspects. This sector is very much helpful to the poor section of the society by providing them a better living standard with facility to earn money. Dairy industry plays a significant role in the economy of India because of its potential to supplement the protein diet of the vegetarian, basis of rural

employment and income in the country. The growth of dairy sector is undergoing drastic change in the era of globalisation. Dairying had become economically unviable for farmers as they were exploited by private contractors by giving lowest possible prices for their milk products. So our rich dairy heritage has progressed rapidly and almost reached to a stage of self sufficiency in the dairy sector. In this regard the present research has made an attempt to give a brief picture regarding the growth and development of the dairy industry in India with a unique allusion to Odisha.

### Objective of the Study

The objective of the present study is to obtain a true insight into the growth of the Indian dairy industry. By taking these into account followings are brief objectives of the current study.

- To study the trend and growth of Indian Dairy Industry.
- To make the SWOT analysis of Dairy Industry in India.
- To study the physical achievement of OMFED in Odisha with the changes that have taken place over a given period of time.

### Research Methodology

To make an analysis over the given objectives, in this present paper a pragmatic study have been made for the period of six years from 1995-96 to 2011-12. The annual reports and financial statements of OMFED for different years collected for the purpose of analysis. Data and literatures are collected from the various issues of Economic Surveys and Periodical journals. The present paper also uses secondary data, which were collected from different websites, journals and newspapers. The data collected are tabulated and analyzed by the method of trend analysis.

### Literature Review

Dairying has turn out to be a significant resultant source of income for millions of rural families. Indian Dairy Industry has achieved this potency of a professionally managed cooperative system, notwithstanding the facts that a majority of dairy farmers are illiterate and run small, marginal operations and for many farmers, selling milk is their sole source of income. In order to endow with important information of dairy industry and milk production following are the pertinent literature which provides a limelight in this scenario of dairy sector in India.

Parameswara Reddy (2010) in his paper tries to elucidate the growth and trend of dairy industry in Indian scenario. He also illuminates the milk production in India in the course of various years and the consequence of cooperative dairying in order to achieve sustainable development of Indian dairy sector. T.Hima Bindu And S.E.V. Subrahmanyam (2012), in

their study the have made an effort to study of operational efficiency, financial efficiency and growth of Dairy Industry in Andhra Pradesh using Z score analysis. Deepa Ingavale (2012) in her research paper tries to elucidate the export trend and prospective of India for dairy product. She also has given stress upon the need of Government measures to increase the efficiency of milk and the per capita availability of milk.

### Statement of the Problem

The Indian dairy industry has been developing rapidly with. Introduction of the new economic policy contributes significantly for the growth of this sector. The main objective of the Dairy Industry of the nation is the proper management of the national resources which results in the increased milk production and adoption of innovative technologies to enhance this productivity. The scope of this study is not very broad and mainly concentrated on the trend and growth of Indian Dairy Industry with a special insight into the OMFED of Odisha.

### Growth and Development of Dairy Industry: Indian Scenario

Diary is a major sub- sector allied to agriculture. By this sector most of the people who are belonging to the low income group of the society are benefited. In post-independence era Indian Dairy industries contributes a major portion for the economic upliftment of the society. It particularly focuses on the growth and development of the rural areas of the nation. India has one of the largest stocks of cattle and buffaloes i.e., about 50 percent of the world's buffaloes and 20 percent of its cattle. The successful India Dairy Development Programme "Operation Flood" launched in 1970, has shown how food aid as an instrument is helpful for building the institutional infrastructure that will helpful for the growth of the dairy sector in the nation. It has formed a strong arrangement for procurement, processing, and supply of milk by the cooperative sector. In 1989, a program entitled Technology Mission on Dairy Development (TMDD) is launched by the government of India. The aim of TMDD is to support the efforts of Operation Flood and to improve employment opportunities and income generation in the rural sector of India through dairying.

Diary development in India has been acclaimed world over as one of the modern India's most accomplish development programme. The development of dairy sector during the last three decades has been remarkable. A set of government policies have been formulated by which a suitable price environment is created which functions as the helping desk for the domestic milk production. In the history of dairy development the decade of 90's has been most important because in it India emerged as the largest producer of milk.

The encouraging trends in milk production were apparent in the 70's due to the emergence and replication of Amul Cooperatives in the country. The following table shows the

milk production and per capita availability of milk in India over the time period from 1951-2010.

**Table 1: Milk Production and Per Capita Availability in India**

Year	Production (in '000 MT)	Yearly % change	Per capita availability (grams/day)
1951	17.0	.....	124
1961	20.0	5.26	124
1971	22.0	3.77	112
1981	31.6	8.54	128
1991	53.9	3.33	176
2001	80.6	2.94	220
2002	84.8	5.21	235
2003	86.2	1.65	230
2004	88.1	2.2	231
2005	92.5	4.75	233
2006	97.1	5.00	241
2007	100.0	3.00	245
2008	106.8	3.00	249
2009	110.0	3.00	252
2010	115.0	4.54	255

Source [www.ndd.org/statistics/milk production.html](http://www.ndd.org/statistics/milk%20production.html)

The above table shows the milk production and per capita availability of milk in time period from 1951-2010. It can be observed from the table that the milk production in India is experiencing a constant growth rate over the years. It can be also observed that the per capita availability of milk, which declined during the 1961 and 1971 from 124 grams per day, to 112 grams per day, shows an improvement in 2001 i.e., about 220 grams per day. After this there is a continuous growth in the per capita availability which reaches to 255 grams per day in the year 2010. It was higher against the necessity of 220 grams per day as recommended by India Council of Market and Research (ICMR) 2008.

### SWOT Analysis of Dairy Industry in India

#### Strengths

- Improved milk production as a result of enlarged accessibility of milk processing.
- Superior transportation conveniences for movement of milk and milk products.
- Availability of skilled and experienced manpower for this industry.
- An enormous natural resource aims at the growth and development of dairying.

#### Weaknesses

- Hot climatic environment.
- Seasonal fluctuations in milk production.
- Variation in milk quality due to collection of milk from different species.
- Lack of advertising opportunities for the promotion of dairy products.

#### Threats

- Introduction of foreign products as substitute of dairy products in Indian market.
- High chemical contaminants as well as durable antibiotics in milk.
- Extreme grazing pressure on marginal and small lands, the outcome of which is complete degradation of land.

#### Opportunities

- Better export prospective for milk products.
- Escalating requirement for fluid milk as well as value added products.

- Emphasizing on the technologies for the production of animals which will help for the growth of the sector.
- Transparent and relaxed policies in Indian dairy sector.

### Brief Outline of Dairy Sector in Orissa

Milk is a decisive food for human beings of all ages. The essential nutrients present in the milk are very much required for the development of human body. India possesses large milch cattle but do not get minimum quantity of milk required by the people a cow in Switzerland Yields, on an average fourteen times than in India. The system of processing, preserving and marketing the milk produced in Indian villages is a great problem because here the transport facilities in these areas are very much inadequate. So, cooperative milk supply societies and unions have been structured to resolve the problem of the producers by analyze issues in the areas of procurement and marketing of milk and allied items, buy commodities and then process, produce, distribute and sell them. The main aim of the dairy cooperative societies is to provide financial assistance with other opportunities to the member unions. In Odisha, about 80 percent of rural households depend on livestock from which they earn up to 30 percent of their annual income. India ranks first in the world in milk Production, from which

the state Odisha contributes less than 2% of the total production of milk.

The Operation Flood-I programme was started in Phulnakhara, Cuttack in 1970. This was a small scheme of collection of 6000 lit/day from nearby societies of Puri and Cuttack and sold them after processing. The Operation Flood -II programme was started in 1981 which had covered four districts i.e. Cuttack, Puri, Dhenkanal and Bhubaneswar. The Orissa State Cooperative Milk Producers Federation Ltd started functioning from 26th January 1981. OMFED (The Orissa State Cooperative Milk Producers' Federation Limited) is one of the Milk Federation situated at Bhubaneswar, the state capital of Orissa. It is affiliated to the National Dairy Development Board (NDDB). It is an apex level Milk Producers' Federation in Orissa which is registered under Cooperative Society Act – 1962. OMFED was formed which was based on AMUL pattern under operation flood programme of National Dairy Development Board. The aim of OMFED is to promote, produce, procure, process and market milk & milk products in various undivided districts like Puri, Cuttack, Dhenkanal, Keonjhar etc.

The following table shows the growth of milk production in Odisha over the time period from 1995-96 to 2011-12.

**Table 2: Milk Production and Per Capita Availability in Odisha**

Year	Production (in '000 MT)	Per capita availability (grams/day)
1995-96	624.50	50
1996-97	650.00	41
1997-98	669.92	52
1998-99	833.30	63
1999-2000	847.78	65
2000-01	875.00	67
2001-02	932.00	70
2002-03	941.00	71
2003-04	995.09	74
2004-05	1282.76	94
2005-06	1342.30	98
2006-07	1424.64	103
2007-08	1620.44	115
2008-09	1598.65	113
2009-10	1651.33	112
2010-11	1670.00	109
2011-12	1718.00	112

Source: Director of Animal Husbandry and Veterinary Services, Odisha

From the table 2 it is found out that the milk production in Odisha is increasing throughout the time period. In 1995-96 it was 624.50 MT which gradually enhanced to 875 in 2000-

01. Accordingly the per capita availability of milk also increases to 67 grams/day in 2000-01 from 50 grams/day in 1995-96. Similarly, the milk production increases to 1718 in

2011-12 whereas in this year percapita availability reaches to 112 grams/day. Still this figure is much below the per capita requirement of 220 grams/day recommended by the Indian Council of Medical Research.

### Findings and Suggestion

The foremost outcomes of the present study are as follows. The dairy sector of India as well as Odisha is achieving an increasing trend of milk production and percapita availability of milk gram/day. Though the Indian Dairy Industry suggests the higher per capita availability of milk against the requirement of 220 grams per day as recommended by India Council of Market and Research (ICMR) 2008, the dairy sector of Odisha is much below than the prescribed per capita availability. With these influence one must not observe that the Indian dairy segment requires safeguard. It can survive rivalry if the respective methods should be taken for upliftment of dairy sector in India such as

- Adoption of international standards for production and processing of milk is a pre condition for improving the market share.
- Policy shift towards safeguarding the community grazing land of the villages, which directly affect the directly development
- Conduct market surveys in the specified markets to access the bottlenecks and to take preventive measure so as to improve sale of milk and milk product
- Develop an efficient export marketing network to optimize the production and exports.
- Setting up more quality control laboratories for testing the quality of dairy product in a dairy cooperative like OMFED.
- Sales promotion strategies like advertisement by means of leaflet hoardings through mass media will give advantage over other product available in the market.
- Special awareness programme should be organized to create awareness and promote the dairy products.

### Conclusion

Dairy sector in India is ensuring a vital position for the livelihood of many people. This sector is experiencing a boost in the milk production as well as in per capita availability of milk. It points out towards the growth and self sufficiency of this sector. If government will take necessary and sufficient measure and facilitates adequate supply of milk and milk products for consumers at reasonable prices, with significant channels for milk marketing, moving ahead for the overall performance of markets this sector will

obviously contribute to the national income and the growth of the economy. It can be concluded that with generous and continued investment in dairy industry, India can emerge as a major exporter of these products in near future.

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