

## **FUTURE TRENDS OF GROWING DEMAND FOR ORGANIZED DAIRY SECTOR PRODUCTS AND MILK SUPPLY IN INDIA**

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**ABSTRACT:***India is a major producer of raw milk (the ingredient for milk and dairy products) with a massive output worth 26.9 billion in 2016. At 150 million tons (2017), India's milk consumption is the highest in the world and accounts for 26% of world consumption. It is mainly used in beverages, such as Chai drinks—a favorite with common Indian people—as well as in producing unique Indian dairy foods, such as ghee (butter oil), dahi (yogurt), and paneer (cottage cheese), which are commonly home-made. In recent years, with the increasing premiumization and diversification of consumer needs, the uses of milk have been expanding from traditional dairy products to new products with high added value. It is expected that this trend will lead to further growth in milk consumption. This article will focus on the present situation and future trends of demand for milk and dairy products in India and the supply of milk as an ingredient for these products.*

**KEY WORDS:** MILK, TRENDS , DAIRY.

### **INTRODUCTION**

India is the world's largest raw-milk producer. The country has the largest number of cattle (300 million), including buffalo, and the largest number of dairy farming households (75 million) in the world. However, the majority of dairy farms are small in scale. There are not only small farms run by families who own small pieces of farmland and keep a few cows in their gardens, but also more than a few dairy farmers who own no land. These small-scale dairy farmers rarely provide their cattle with high-quality feed supplied by feed manufacturers. Farmers with their own land generally feed their cattle small amounts of rice and food scraps on a subsistence basis. Landless farmers put their cattle "to pasture" in town, and the cattle eat organic garbage discarded at the roadside. Poverty is the main reason for small-scale farmers to depend on no-cost feed. However, in the first place, many of them do not have the intention of spending money in order to increase their milk production. One factor behind this is that these farmers do not rely solely on milk income. Although the use of draft cattle is diminishing with the spread of tractors, cattle remain an important livelihood, including cow dung cakes, sun-dried on house walls for use as fuel, as well as cow urine, which can be sold for use in traditional Indian medicine. The priorities for milk distribution and processing are capacity expansion to meet demand growth, and the improvement of safety. There is a possibility that the private sector will lead efforts to modernize not only

production but also downstream processes. Around 50% of milk produced in India is consumed by the producers themselves, and the rest is distributed in the market. However, 61% of the distributed milk is handled by small-scale, non-organized operators, who can do little to increase their logistics and processing capacity. In addition, many of these small-scale operators do not have refrigeration equipment, which causes food safety issues. One of the goals identified by the government in the Action Plan is to reduce the share of non-organized operators from 61% to 14% by FY 2023, while raising the percentage of milk procured by the organized sector. Procurement channels in the organized sector include India's dairy cooperatives and private-sector companies. The dairy cooperatives are supported by the National Dairy Development Board (NDDB), which is a governmental organization established in 1965. There are 15.83 million farmers under the ambit of 170 thousand village level dairy cooperative societies, and fluid milk collected from them through 198 dairy cooperative milk unions throughout India is sold as a beverage, mainly through kiosks. Food manufacturing giant Nestlé is a major presence among the private-sector companies that procure milk. Currently the dairy cooperative sector and private sector each procure about 19% of the total quantity distributed. The goal under the government's plan is to increase the dairy cooperatives' share to 33%, and that of private-sector companies to 50%. These goals reflect the expectation that private investment will lead to increases in refrigeration and processing capacity.

### **ORGANIZED DAIRY SECTOR**

The sector, which is registered with the government, is called an organized sector. In this sector, people get assured work, and the employment terms are fixed and regular. A number of acts apply to the enterprises, schools and hospitals covered under the organized sector. Entry into the organized sector is very difficult as proper registration of the entity is required. The sector is regulated and taxed by the government. There are some benefits provided to the employees working under organized sector like they get the advantage of job security, add on benefits are provided like various allowances and perquisites. They get a fixed monthly payment, working hours and hike on salary at regular intervals. Organized Dairy Sector is a sector where the employment terms are fixed and regular, and the employees get assured work. A number of acts apply to an organized Dairy sector like Factories Act, Bonus Act, PF

Act, Minimum Wages Act, etc. The government rules are strictly followed in the organized Dairy Sector. In organized Dairy Sector, the employees draw regular monthly salaries. Job security exists in the organized Dairy sector. The organized sector, provide additional remuneration to employees for overtime. In organized sector, the salaries of employees are as per government norms. In organized sectors, workers get a hike on salary, once in a while. Employees get add-on benefits like medical facilities, pension, leave travel compensation, etc. in the organized sector. The organized sector (large scale dairy plants) processes about 13 million tons annually.

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### VITA

Haryana is one of the most progressive states of Republic of India. In the domain of dairy development it is well known for its productive milk cattle particularly the 'Murrah' Buffaloes and Haryana Cows. The economy of the state is predominantly based on agriculture. People rear and breed cattle as a subsidiary occupation. The essence of various programmed launched in the State has been to adopt the Anand pattern of Milk Co-operatives. Under this system, all the functions of dairying like milk procurement, processing and marketing are

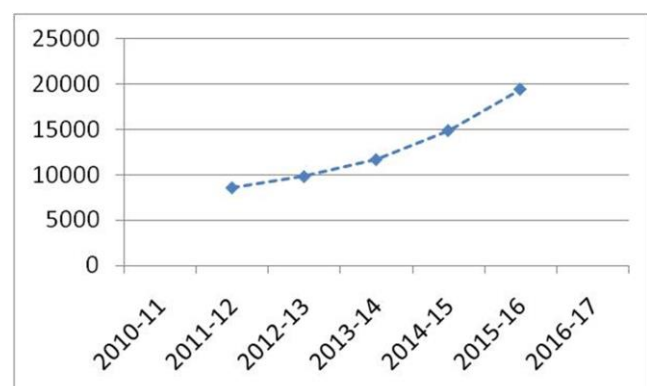
controlled by the Milk Producers themselves. It has three tier system comprising milk Producers Societies at the village level, Milk Producers Co-operative Union at the district level and the state Milk Federation as an apex body at the State level. The Haryana Dairy Development Co-operative Federation Ltd. registered under Haryana Co-operative Societies Act came into existence on April 1, 1977. Its authorized share capital is Rs.4000 lacs. It was established with the primary aim to promote economic interests of the milk producers of Haryana particularly those belonging to weaker sections of the village community by procuring and processing milk into milk products and marketing thereof by itself or through its unions. In furtherance of the above objects, the Federation undertakes a number of activities such as establishment of milk plants, marketing of VITA BRAND milk products of the Milk Unions. It also extends technical guidance to the Unions in all spheres of personnel, technical, marketing and financial management as well as makes them quality conscious, through use of modern methods of laboratory testing of various products.

### Quality VITA the Hallmark of Quality

As part of stern quality measures, the milk required have need of processing VITA products is acquired from Dairy Cooperative Societies only, make sure that the milk is transported to the plans and chilling centers in sterilized and clean milk cans as quickly as possible.

**Table 1.2 : Annual Turnover of VITA and its Trend (Rs. In crore)**

Year	Annual Turnover	Three year Moving Average
2010-11	6899	-
2011-12	8500	8570.33
2012-13	10312	9802.33
2013-14	10595	11664.33
2014-15	13722	14856.66
2015-16	19889	19393.33
2016-17	24569	-



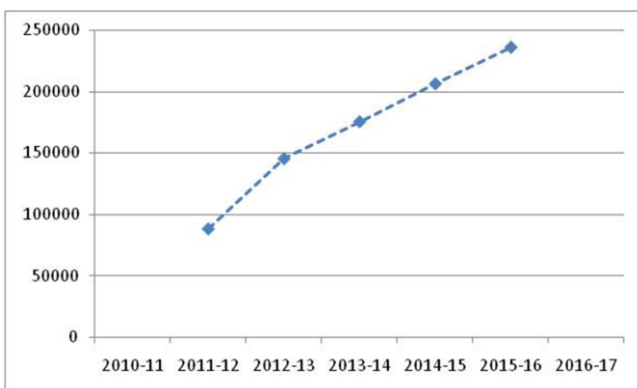
All quality measures as per Standard of Bureau of Indian Standards/Agmark are being applied before the products are marketed. Laboratories with well-equipped system are functioning in the milk plants and chilling centers to maintain best quality standards. According to the management of VITA, VITA is the endorsement of quality. The main products of VITA are - standardized milk, full cream milk, toned milk, double toned milk, ghee, dahi, lassi, paneer, ice-cream and flavored milk. The annual turnover of Vita is considered its trends value is shown in table using 3 yearly moving average method.

### AMUL

Amul is an Indian Dairy Cooperative based at Anand (Gujarat) India formed in 1950. It is a brand managed by a Cooperative body namely Gujarat Cooperative Milk Marketing Federation Limited (GCMMF), jointly owned by 3.7 million milk producers in Gujarat. Amul prompted India's White Revolution and has played a significant role in making India largest producer of milk and milk products. Amul became the major feed brand in India and has ventured into markets overseas.

**Table 1.3 : Annual Turnover of AMUL and its Trend (Rs. In crore)**

Year	Annual Turnover	Three year Moving Average
2010-11	97742	-
2011-12	116680	87934.70
2012-13	137350	145154.00
2013-14	181432	175370.70
2014-15	120733	206254.00
2015-16	123000	236060.00
2016-17	127085	-



The founder-chairman Dr. Verghese Kurien, of the G.C.M.M.F. for more than thirty years (1973 to 2006) is credited with the success of Amul. The products of Amul are now available in more than sixty countries in the world. "During the last seven years, Amul's milk procurement prices paid to its farmer-members more

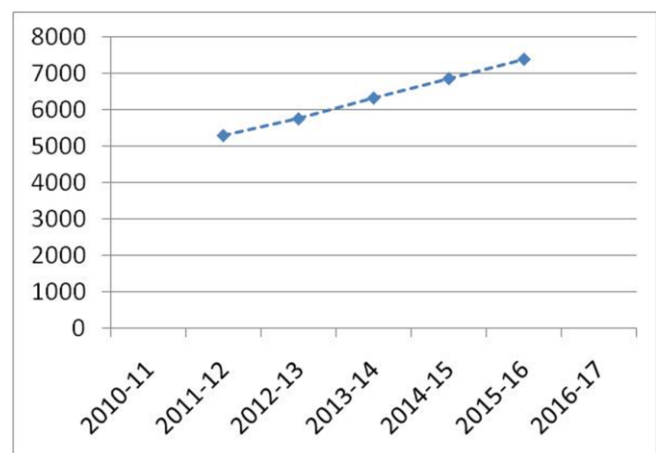
than doubled from Rs. 24.30 per litre for buffalo milk (Rs 337 per kg fat) in 2009-10 to Rs. 49 per litre (Rs. 680 per kg fat) in 2016-17. Since the cooperative's total milk procurement also doubled during this period, from 90.9 lakh litres to 176.5 lakh litres per day, this effectively increased the income of its dairy farmers four-fold in the last seven years (amul.com)".

### Mother Dairy

Mother Dairy was commissioned in 1974 as a wholly owned subsidiary of the National Dairy Development Board (NDDB). It was another initiative under Operation Flood, the largest dairy development program launched to make India a milk adequate nation. Today Mother Dairy manufactures sells and markets milk products and milk including cultured products, paneer, ice-cream, ghee and the Mother Dairy Brand. The Company also has a expands its range with products in fruits and vegetables, edible oils, pulses, frozen vegetables, processed food like jams, fruits juices, etc. to meet the daily requirements of every household.

**Table 1.4 : Annual Turnover of Mother Dairy and its Trend (Rs. In crore)**

Year	Annual Turnover	Three year Moving Average
2010-11	4000	-
2011-12	5000	5293.33
2012-13	5690	5750.00
2013-14	6000	6316.66
2014-15	7000	6848.66
2015-16	7186	7375.33
2016-17	7850	-



### CONCLUSION

The study shows that there is specific preference for different types of milk amongst the consumers. Indian

dairy products form a very important part of social and religious events of Indian society. Milk and milk products are the important part of daily meals in most of the communities and families. The people therefore look for hygienic, easy availability, affordability and door to door delivery system of these products. Unorganized dairy becomes an obvious choice for the people as it serves the immediate purpose.

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