

A STUDY ON ROLE OF DAIRY INDUSTRY IN THE DEVELOPMENT OF ECONOMY OF INDIA

Avinash Choudhary*

ABSTRACT

Since 1998, India has been the world's biggest producer and consumer of dairy products, with a steady increase in the availability of milk and milk products. Dairy farming is a vital aspect of the rural Indian economy, providing both jobs and money. India also boasts the world's largest bovine population. However, as compared to other major dairy producers, milk production per animal is much lower. Furthermore, virtually all of India's dairy products are eaten domestically, with the bulk marketed as fluid milk. As a result, the Indian dairy business has enormous potential for value addition and overall growth.

Keywords: *Indian Economy, Dairy Farming.*

Introduction

The dairy industry is an important part of the Indian economy since it not only employs millions of people in rural areas but also contributes to the economy. Milk has the biggest proportion of all cattle products, accounting for 67.2 percent of the livestock sector in 2017.

Dairy is important in many elements of Indian culture, including cuisine, religion, culture, and economics. With nearly 300 million bovines and 187 million tonnes of milk produced annually, India boasts the world's biggest dairy herd. India is #1 in both milk production and consumption among all countries. The majority of the milk is eaten in the United States, however a little amount is exported. North Indian food, in particular, employs a lot of dairy products like paneer, whilst South Indian cuisine uses a lot of yoghurt and milk. In Hindu religious practise and mythology, milk and dairy products have a role. The domestication of zebu cattle 8,000 years ago laid the foundation for dairy production on the Indian subcontinent. Dairy products, particularly milk, have been consumed in the Indian subcontinent since the Vedic time. Operation Flood, which took place in the mid-to-late twentieth century, converted India's dairy sector into the world's largest. Milk was once produced mostly on home farms in India. The dairy business has a significant economic influence on India. Buffalo milk accounts for the majority of the milk produced; cow milk is a close second, and goat milk is a distant third. India produces a wide array of dairy products. Imports of dairy products into India are minimal and subject to levies. Government authorities such as the Ministry of Animal Husbandry, Dairy and Fisheries, the National Dairy Development Board, and the Food Safety and Standards Authority of India control the domestic sector.

Importance of Dairy Industry in India

The dairy sector in India is both a valuable commercial opportunity and a vehicle for socioeconomic development. With this in mind, the Indian government has implemented a number of policies and initiatives targeted at boosting the country's dairy industry. For example, the "National Dairy Programme (Phase-I)" aims to boost cow productivity and milk output by improving and extending rural milk procurement infrastructure and providing farmers with more market access. Private engagement in the Indian dairy business, on the other hand, has risen in recent years. The size and potential of the Indian market have drawn both domestic and foreign businesses to the dairy sector. Cheese, yoghurt, probiotic drinks, and other value-added items are being highlighted. They are also developing unique items that are tailored to the needs of Indian consumers. These firms are also increasing their milk procurement network, which is aiding the dairy industry's expansion in India.

* Department of Economics, University of Rajasthan, Jaipur, Rajasthan, India.

Objectives

- To know the importance of the Dairy industry.
- To know the role and importance of Dairy industry in the economy development.

Review of Literature

Makwana D. Girish et.al.(2016), suggested the dairy sub-sector occupies an important place in agricultural economy of India . As milk is the second largest agricultural commodity in contributing to GNP. Currently, more than 80 % of the milk produced in the country is marketed by the unorganized sector (private organization) and less than 20 % is marketed by the organized sector.

Crispen D. et.al.(2014), study looked at the operational challenges to smallholder dairy farming. Focus in this study was specifically on Mayfield Small Scale Dairy Settlement Scheme in Chipinge District of Zimbabwe. The study made use of interviews, questionnaires, observations and project reports in collecting both qualitative and quantitative research data.

Singh, K. M. et. al., (2012), Dairy farming has emerged as an important source of livelihood, particularly on small holder households. The efficient management of dairy cooperative system has facilitated milk production and marketing in Bihar. An attempt was made to analyze the milk contribution to dairy co-operative, producers' share in consumer rupee and cost of milk production in Bihar.

Francesconi, G. N. & Ruben, R. (2012), suggested that during the last decade Ethiopia has been witnessing a return to agricultural cooperatives as means to unleash the national agri-food market. Using primary bio-economic data from Ethiopia, this study evaluates the impact of cooperative membership on milk production, productivity, quality and safety.

Musalia, L.M. et. al., (2010), a survey was conducted in Butere/ Mumias and Kakamega districts of Western Kenya in 2005 to evaluate the availability of dairy support services following liberalization of agriculture sector by the Government. A total of 69 and 107 farmers were interviewed in Butere/Mumias and Kakamega districts, respectively. Liberalization opened up market for raw milk in major urban centers that were previously supplied by processed milk from Kenya cooperative creameries (KCC).

Milk Production in India

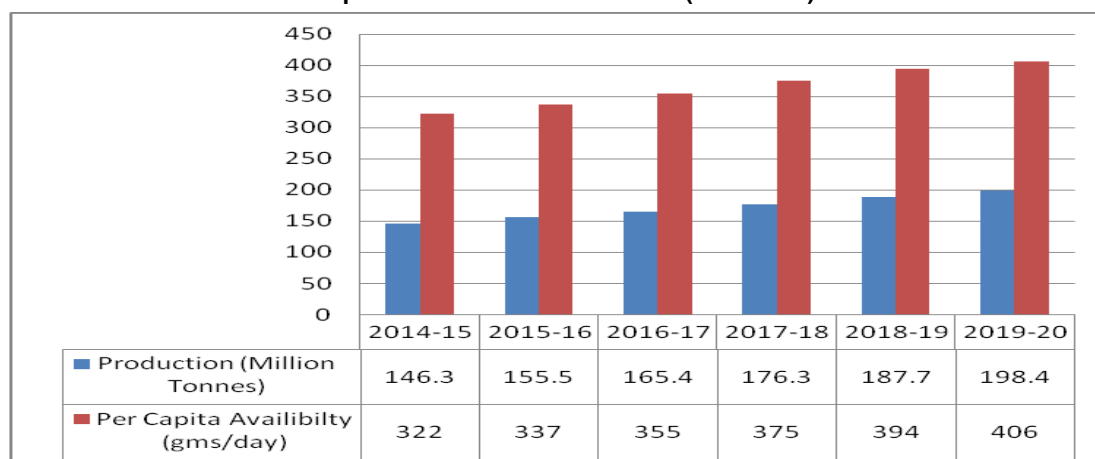
Table 1: Milk Production in India (2014-2020)

Year	Production (Million Tonnes)	Per Capita Availability (gms/day)
2014-15	146.3	322
2015-16	155.5	337
2016-17	165.4	355
2017-18	176.3	375
2018-19	187.7	394
2019-20	198.4	406

Source: Basic Animal Husbandry Statistics, DAHD&F, GoI

It is clear from Table 1 that the production of milk is increasing every year, which further indicates that the future of dairy production in India is bright. Which further indicates that milk production will also actively contribute to the country's economy.

Graph 1: Milk Production in India (2014-2020)



Share of Dairy Production & Livestock Sector in GDP**Table 2: Milk Production in India (2014-2020)**

Year	GVA (Total)	GVA (Dairy & Allied)		GVA (Livestock Sector)	
		Amount	% Share to total GVA	Amount	% Share to total GVA
2014-15	1,15,04,279	20,93,612	18.2	5,10,411	4.4
2015-16	1,25,74,499	22,27,533	17.7	5,82,410	4.6
2016-17	1,39,65,200	25,18,662	18.0	6,72,611	4.8
2017-18	1,55,05,665	28,29,826	18.3	7,85,683	5.1
2018-19	1,71,61,213	30,16,277	17.6	8,80,623	5.1
2019-20	1,84,61,343	33,94,033	18.4	9,62,682	5.2

Source : National Accounts Statistics-2019, Central Statistical Organisation, Gol

It is clear from Table 2 that the contribution of milk production to the country's GDP is increasing every year, which indicates that the contribution of milk production to the country's economy is of great importance.

Conclusion

The milk processing sector in India benefits from a wide range of low-cost, local workforce resources, as well as opportunities for forward and backward connections and increased productivity. It produces around 14% of all milk produced worldwide. Milk has a one-of-a-kind status, with a production value surpassing Rs. 1,00,000 crore and a rapid increase in both the number of milk producers and hence the volume of milk produced. It is critical to achieve strong growth in the dairy industry in order to ensure long-term inclusive agricultural growth. Production-driven development is the only realistic alternative for the world's quick and long-term development. This research suggests a number of policy intervention options that can help milk development and production. Because of its cheap cost and support for the economic process, India's dairy sector has a bright future and may be a viable alternative for farmers. Dairy has a significant potential to take a large portion of our country's deregulated marketplaces.

References

1. Birthal, P.S., and D.S. Negi. 2012. Livestock for Higher, Sustainable and Inclusive Agricultural Growth, Economic and Political Weekly (India), Vol XLVII, Nos 26 & 27, June, pp. 89-99.
2. Birthal, P.S., and A.K. Jha, 2005. Economic Losses Due to Various Constraints in Dairy Production in India, Indian Journal of Animal Sciences, 75 (12): 1470-1475, Dec.
3. Code of Federal Regulations. 2016. 21 CFR § 589.2001, Cattle materials prohibited in animal food or feed to prevent the transmission of bovine spongiform encephalopathy.
4. Center for Science and Environment. 2012. Adulterated Milk Is What Indians Are Drinking. <http://cseindia.org/content/adulterated-milk-what-indians-are-drinking>
5. Das, S. 2016. "Dairy Sector to Milk Rs 10k-cr Investments in 5 Years," Business Standard, April 9.
6. Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation. Directorate of Economics and Statistics. Agricultural Statistics at a Glance (various years).
7. Government of India, Ministry of Commerce & Industry, Department of Commerce. 2013. Notification No. 18 (RE-2013)/2009-2014. <http://dgft.gov.in/Exim/2000/NOT/NOT13/not1813.htm>
8. Hemme, T., M.M. Uddin, and O. A. Ndambi. 2014. Benchmarking Cost of Milk Production in 46 Countries, Journal of Reviews on Global Economics, 2014, 3, 254-270. <http://www.ifcndairy.org/media/pdf/publications2014/Benchmarking-Cost-of-Milk-Production-in-46-Countries.pdf>
9. Kumar, A., S. Parappurathu, and P.K. Joshi. 2013. Structural Transformation in Dairy Sector of India, Agricultural Economics Research Review, 26 (2), July-December 2013, pp 209-219. http://www.dairyknowledge.in/sites/default/files/structural_transformation_in_dairy_sector_of_india.pdf

