

## AN OVERVIEW OF DAIRY PROCESSING INDUSTRY AND ITS IMPORTANT ROLE IN THE COUNTRY'S SOCIO-ECONOMIC DEVELOPMENT

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### ABSTRACT

*India is that the world's largest producer of dairy products by measurements, accounting for quite 14 percent of the world's total milk production, and therefore the world's largest milk herd. this is often because there are 75 million dairy farms in India, half the world's dairy farms. India is additionally highly competitive with many developed countries as its cost is that the lowest within the world and thus it's a comparative advantage in milk production. the sole problem with India is that the high cost of conversion of dairy products. this is often thanks to a scarcity of scale at both production and processing levels. However, despite being the most important producer of milk, India accounts for less than 1% of the worldwide milk trade. However, India may be a net exporter of all dairy products except lactose and lactose syrup. Good potential for Indian casein and powdered milk. There also are whey items. The dairy sector plays a crucial role within the socio-economic development of the country, and forms a crucial segment of the agricultural economy. The dairy industry provides livelihood to many households in rural areas, ensuring the availability of quality milk and dairy products to people in both urban and rural areas. The industry is growing rapidly in line with the growing demand for milk and dairy products within the country. This research paper sheds light on the dairy processing industry which also plays a crucial role in social and economic development in India.*

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**Keywords:** Dairy Products, Socio-Economic Development, Milk Products, Rural Economy.

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### Introduction

In our country, the dairy sector plays a crucial role within the country's social and economic development, and forms a crucial segment of the agricultural economy. The dairy industry provides livelihood to many households in rural areas, ensuring the availability of quality milk and dairy products to people in both urban and rural areas. In line with the country's growing demand for milk and dairy products, the industry is growing rapidly. within the early 1950s, India imported 55,000 plenty of powdered milk annually to satisfy the domestic demand for milk. Most of the main developments within the dairy industry have taken place during this century alone. consistent with the research report, an analysis of the Indian dairy industry, India is that the world's largest milk producer, accounting for about 17% of worldwide milk production. additionally, it's one among the most important producers also as consumers of dairy products. thanks to their rich nutritional value, the consumption of dairy products within the country is increasing rapidly, and considering such facts and figures, our study expects that milk production in India 2011 - CAGR will increase by about 4% during 2015.

With the increasing use of dairy products, the secondary marketplace for dairy products is additionally growing. Indian dairy development is extremely different from developed countries. As India enters an era of economic reform, agriculture, especially the livestock sector, is taken into account a serious area of development. the very fact that derivation can play a more constructive role

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in promoting rural well-being and reducing poverty is increasingly being recognized. All of those aspects are the stepping stones to the white Revolution. tons of efforts are made during this regard and that they have also proved to be fruitful. one among these is Operation Flood Program, which was launched in 1970-71, and promoted milk production cooperatives and milk production in rural areas. However, there's a scarcity of reason and influence to raised understand the factors that hinder the development in milk production. Identifying specific factors will help promote strategic interventions to extend milk production and ensure sustainable development of the dairy sector. during this context, this paper considers the method of structural change within the dairy sector in terms of milk production trends and sources of growth.

#### **Objectives of the Study**

- To study the operation flood and its impact on dairy product
- To study the dairy industry and its background in global context
- To understand the Indian dairy products market and commodities market

#### **An Overview of Operation Flood**

There are 250 million cow and buffaloes in India but their milk production is low. Genetic selection has been for draft power instead of milking ability. Supplying to consumers has also been a drag, especially during a hot country where milk is extremely poor. The National Dairy Development Board of India was found out in 1965 to encourage rural production, but at an equivalent time it needed to satisfy the shortfall in supply by importing powdered milk. Since 1970, Operation Flood has been liable for an outsized number of Scheme Milk Powders (SMPs) donated by the ecu Community. the thought was to rehabilitate SMPs with water, sell milk to urban consumers, then invest the profits in rural supply infrastructure. it had been a satisfying way for the EC to rid itself of some embarrassing surplus stocks while helping Indians to trample on their indigenous industry. Operation Flood goes through three stages. OFI (1970-81) sought to enhance the availability of milk to Bombay, Delhi Calcutta and Madras by encouraging production in 18 major dairies. OFII (1978-85) aims to increase these benefits to 150 cities with a population of over a million. This ambitious target was to provide ten million. OFII (1985-94) may be a phase of stabilization. Milk are going to be demanded from 50,000 dairy milk societies in 450 towns and cities. Operation Flood may be a complex multi-layered structure of pyramid design. At the highest is that the coordinator of the National Dairy Development Board, headquartered in Anand, Gujarat. the most building home is the village dairy cooperative society. they're encouraged to market rural shopping. Each society has a mean of 130 members, an elected executive committee and a paid secretary. In theory, this represents a sort of deviant partnership. Each village cooperative is affiliated to the district union of rural societies.

At this level, services like milk processing, animal feed sales and veterinary advice are provided. Highly trained bureaucrats and technicians responsible of district services are employees of co-operators. In practice, the vertically integrated structure of Operation Flood is analogous thereto of an organization, during which farmers participate. Milk is typically received twice each day and paid consistent with quality. Weekly payments help poor rural industrialists by providing income. Operation Flood guarantees to require their entire production. a crucial feature of Operation Flood is its balance of labour. It's partially seasonal, producing powdered milk during the flush season for restructuring during the rainy months. it's also regional, connecting the excess and deficit districts to the national milk grid. a huge network of dairy plants takes milk from rural areas to cities. Most of this organization is controlled by state federations, which rank third within the Operation Flood rankings. The scheme may be a comprehensive, vertically integrated food delivery system, even to the extent of retail involvement, differing types of liquid milk are sold, mainly in sketches or loosened from automatic vending booths additionally, a good range of products are manufactured.

#### **Overview of Dairy Industry and its Background**

The dairy industry has been one among the foremost dynamic sectors of the agricultural industry and has grown significantly over the last 15 years (2004-2018). Milk production in India has increased at a CAGR rate of 6% since 2004. (Ministry of Agriculture and Farmers Welfare and therefore the Department of Animal Handy and Dairy Data), which has increased demand, as higher incomes cause higher consumption of milk and dairy products. India has been the world's largest producer of milk and has made steady progress within the availability of milk and milk products since 1998 (Financial Express) accounting for about 21% of world production in 2017 (Food and Agriculture Organization). India emerged because the world's largest producer and consumer of milk within the 1970s (FAO of the

United Nations Food and Agriculture Organization). The dairy sector also plays a big role in agricultural and food policy, and dairy products are a standard and nutritious component of the typical diet within the country. Indian cooperative and personal sector dairy processors have thus far been ready to meet the growing domestic demand for dairy products, however, there's limited information on the longer term of India's dairy processors and particularly the relatively novice private dairy. Increase and competitiveness are often estimated. Department. So as to take care of the supply-demand balance, it's important to assess the longer-term growth and competitiveness of India's dairy processors.

India is that the world's largest producer and consumer of dairy products, which has seen a growing demand for dairy products over the years. it's reinforced by a spread of things like increasing income, improved supply chain, increased interest in nutrition, and other people who interact more with the dairy category. Consumption of processed and packaged dairy products has increased in urban also as rural areas. Because the economy improves, the dairy industry will be got to increase milk production, and upgrade milk processing. The utilization of infrastructure, innovation and modern technology is, to mention the smallest amount, the dairy industry seeing strong growth within the years to return. With the rise in milk production, it's important to anticipate a rise in demand for milk and milk products within the near future. it's therefore imperative that each one the states of India produce strong, statistical evidence for the estimation of the above requirements. Thus, consistent with this study, domestic and non-residential interactions will yield scientifically strong results regarding milk and milk product forecasting (2019) and therefore the future (2030). The study also checked out consumer information about other areas of data like milk source, location and frequency of consumption, sort of milk purchased (packages - loose), quality like milk, price, packaging and features like milk. Strength, milk and milk products brand, per capita consumption of milk and dairy products.

**Dairy Products Market in India**

The per capita availability of milk within the country has improved significantly within the last five years. The unorganized sector, consisting of small farmers and cooperatives, mainly contributes to the dairy market. Over the past few years, the organized sector has been rapidly catching up with the top customers by offering customized products, which has increased the organized market share.

**Chart 1: Type of Milk consumed in Households of India**



But as an outsized a part of the market is unorganised; the dairy industry faces challenges thanks to inferiority and low productivity. The Indian dairy market is now seeing an outsized influx of foreign players. This will be observed with the growing presence of companies within the emerging yogurt segment like Red Mango, Cocoberry, Kiwi and Yugurberry. Amul and Mother Dairy are two major companies within the Indian dairy market in dairy products.

**Indian Dairy Market by Commodities**

In terms of products, skimmed milk powder, casein and ghee are the foremost important products exported from India, followed by butter and milk powder. Most of those exports attend regional milk-deficient countries, including Pakistan, Bangladesh, Afghanistan, Nepal, Bhutan, and therefore the United Arab Emirates. India also exports small quantities of casein to the us, Europe and other countries. However, India's milk imports might be erratic. Scheme additionally to exploit powder, butterfly (including ghee and butter oil), and lactose, India also imports small quantities of skim products, cheese and frozen dessert. The country imposes price quotas on powdered milk and butter oil. additionally, the

county includes import restrictions, including import permits, which pub U.S. exports from entering the country, and it banned the import of Chinese milk and dairy products until Midsummer Eve, 2017. the govt is taking several steps and introducing them annually and getting to boost the dairy market. However, the dairy sector still faces problems like unavailability of fodder and low livestock production. Since the agriculture and dairy sectors are associated with one another thanks to interconnected inputs and outputs, it's imperative that the 2 be developed together. Introducing efficient feeding methods and feeds, encouraging the commercialization and mechanization of dairy farms, developing networks to market milk-based processed foods and beverages, minimizing waste and promoting the world. It's important to manage cold chain facilities so as to manage. An emerging trend of Indian dairying is that the growing number of economic dairy farms in metro and concrete and peri-urban areas of major cities. These dairies mainly cater to the requirements of urban consumers. Their average herd numbers range from 10 to twenty dairy animals (small sized dairy farms), 21 to 50 dairy animals (medium sized dairy farms) to quite 50 dairy animals (large sized dairy animals). Realizing the growing importance of business, the livestock sector must meet the challenges of globalization in terms of organized production and marketing. Many state dairy development departments, cooperatives like Amul and personal sector dairy players are promoting the establishment of high-tech commercial dairy farms, which could lead on to exploit production.

### Conclusion

The milk processing industry in India derives its vital potential from its scope of low cost, local employment resources, prospects for forward and backward links and better productivity. It accounts for about 14% of world milk production. Milk has achieved a singular status with its production value exceeding Rs. 1,00,000 crore and has grown rapidly both in terms of the amount of milk producers and therefore the quantity of milk produced. Achieving high growth within the dairy sector is important to make sure long-term inclusive agricultural growth. Production-driven development is that the only viable option for the rapid and sustainable development of the world. This study identifies variety of policy intervention strategies to support milk development to extend milk production. Another important aspect of milk pricing is that the huge premium on fat content compared to non-fat solids. Thus, buffalo milk is far more valuable than cow's milk, which features a lower fat content. The dairy industry in India features a bright future and may be a viable alternative for farmers thanks to its low cost and support for economic process. Dairy features a huge potential to capture an outsized base of unregulated markets in our country.

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