

# Dairy dilemmas

Despite India being the number one milk producer in the world over the past five years, things are not all that rosy in its dairy sector.

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India will continue to be the largest producer of milk in the world, with production in the current financial year projected at 133 million tonnes, up 4.7 per cent over 127 million tonnes in

## Adult female bovine population\*

(in million)

|                       |              |
|-----------------------|--------------|
| <b>Uttar Pradesh</b>  | <b>18.50</b> |
| <b>Madhya Pradesh</b> | <b>12.90</b> |
| <b>Rajasthan</b>      | <b>11.33</b> |
| <b>Andhra Pradesh</b> | <b>10.58</b> |
| <b>Maharashtra</b>    | <b>8.96</b>  |
| <b>Bihar</b>          | <b>8.54</b>  |
| <b>Gujarat</b>        | <b>7.65</b>  |
| <b>West Bengal</b>    | <b>7.06</b>  |
| <b>Karnataka</b>      | <b>6.96</b>  |
| <b>Tamil Nadu</b>     | <b>5.91</b>  |
| <b>Odisha</b>         | <b>4.05</b>  |
| <b>Punjab</b>         | <b>3.80</b>  |
| <b>Haryana</b>        | <b>3.50</b>  |

\* Updated 2007 statistics

2011-12. Twenty-five years ago, the output was just 46.7 million tonnes. In the last 20 years, the output has more than doubled.

## Private participation

After the dairy sector was opened up for private participation 20 years ago by the P.V. Narasimha Rao government, it has seen the entry of small and medium players, ensuring better times for dairy farmers.

According to the National Dairy Development Board, when India topped milk production five years ago it was primarily because of

## Per capita availability in States

|                         |            |                       |            |
|-------------------------|------------|-----------------------|------------|
| <b>Punjab</b>           | <b>937</b> | <b>Uttarakhand</b>    | <b>387</b> |
| <b>Haryana</b>          | <b>679</b> | <b>Andhra Pradesh</b> | <b>364</b> |
| <b>Rajasthan</b>        | <b>538</b> | <b>Uttar Pradesh</b>  | <b>289</b> |
| <b>Himachal Pradesh</b> | <b>446</b> | <b>Madhya Pradesh</b> | <b>287</b> |
| <b>Gujarat</b>          | <b>435</b> |                       |            |

(grams a day in 2010-11)

corporate participation. Investment by the private sector in a decade and a half matched the inflow from the cooperative sector in three decades.

## Rising demand

Cooperatives still procure 50 per cent of the milk that comes through the organised route although they have a tough time in doing so. In Tamil Nadu, for example, procurement by private operators now exceeds that by Aavin, the government-backed cooperative which enjoyed a virtual monopoly until a few years ago.

Even though production has seen a 4 per cent annual growth in the last decade, demand is also rising. The National Sample

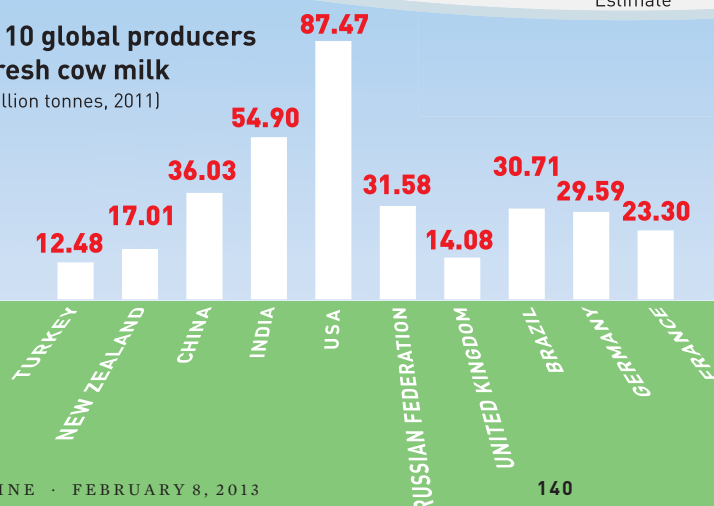
## Milk output in India

| <b>Financial year</b> | <b>Milk production (in million tonnes)</b> | <b>Per capita availability (grams a day)</b> |
|-----------------------|--|--|
| 2001-02               | 84.4                                       | <b>225</b>                                   |
| 2002-03               | 86.2                                       | <b>230</b>                                   |
| 2003-04               | 88.1                                       | <b>231</b>                                   |
| 2004-05               | 92.5                                       | <b>233</b>                                   |
| 2005-06               | 97.1                                       | <b>241</b>                                   |
| 2006-07               | 102.6                                      | <b>251</b>                                   |
| 2007-08               | 107.9                                      | <b>260</b>                                   |
| 2008-09               | 112.2                                      | <b>266</b>                                   |
| 2009-10               | 116.4                                      | <b>273</b>                                   |
| 2010-11               | 121.8                                      | <b>281</b>                                   |
| 2011-12               | 127.3*                                     | --   |
| 2012-13               | 133.7*                                     | --   |

\*Estimate

## Top 10 global producers of fresh cow milk

(in million tonnes, 2011)



## Top 10 global producers of fresh buffalo milk

(in million tonnes, 2011)

|                   |              |
|-------------------|--------------|
| <b>India</b>      | <b>62.35</b> |
| <b>Pakistan</b>   | <b>22.27</b> |
| <b>China</b>      | <b>3.1</b>   |
| <b>Egypt</b>      | <b>2.76</b>  |
| <b>Nepal</b>      | <b>1.06</b>  |
| <b>Iran</b>       | <b>0.27</b>  |
| <b>Myanmar</b>    | <b>0.24</b>  |
| <b>Italy</b>      | <b>0.17</b>  |
| <b>Sri Lanka</b>  | <b>0.046</b> |
| <b>Bangladesh</b> | <b>0.036</b> |

Infographics by V. Srinivasan, L. Balamurugan

Survey Organisation's latest data show that expenditure on milk and milk products has doubled in urban areas and is up sharply in rural areas.

#### The problems

However, not all is well with the dairy sector. In November last year, private dairies exited procurement operations because they were saddled with huge stocks of skimmed milk powder. Farmers in Andhra Pradesh expressed their displeasure by dumping milk on the roads.

In Andhra Pradesh, the procurement price of milk was reduced to Rs.26 from Rs.32 a kg in the second half of 2012. In the north, dairies cut prices to farmers by 10 to 15 per cent.

This situation arose mainly since the government banned the export of skimmed milk powder and casein, a protein derived from milk and used as a binding agent in food and medicine. At the same time, it allowed the import of milk powder, resulting in a build-up of over 1.2 lakh tonnes of stocks.

Private dairies say that they are getting only around Rs.150 for a kilogram of skimmed milk powder when the cost of production is Rs. 200. In such circumstances, they feel that the Centre should have long-term policies and refrain from taking ad hoc decisions such as banning exports.

### Top 10 milk-producing States

(in million tonnes during 2010-11)

Punjab  
9.42

Haryana  
6.26

Uttar Pradesh  
21.03

Bihar  
6.51

Rajasthan  
13.23

Madhya Pradesh  
7.51

Gujarat  
9.32

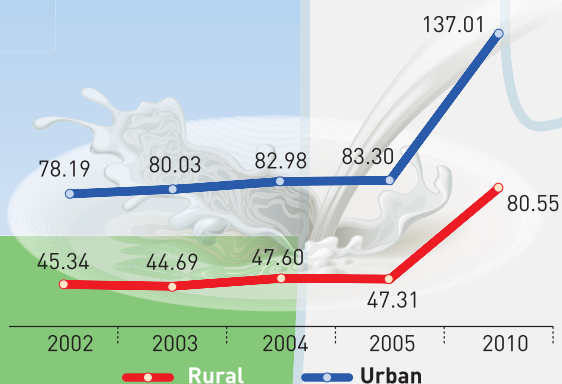
Maharashtra  
8.04

Andhra Pradesh  
11.20

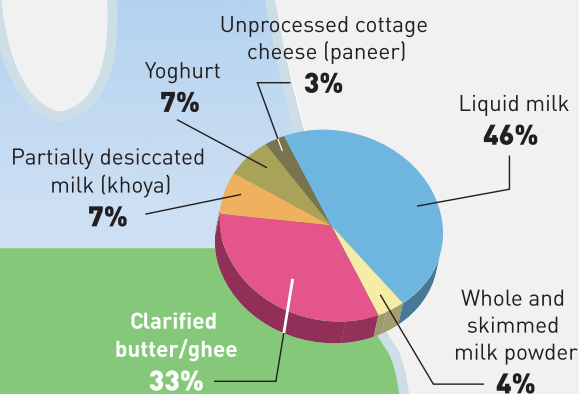
Tamil Nadu  
6.83

### Per capita monthly consumption of milk (in Rs)

(as per National Sample Survey)



### Milk utilisation pattern in India



Sources: National Dairy Development Board; Food and Agriculture Organisation; Ministry of Food Processing Industries