

## Economic Importance of Dairy Farming in India

**Nimit Kumar and Sonia Rani**

Assistant Professor, Department of Agriculture, Maharishi Markandeshwar University Sadopur, Ambala, Haryana

### SUMMARY

Dairy farming is one of the growing enterprises in India. It offers multiple opportunities to people for enhance their economic status. The country accounts for more than 15 per cent of world's total milk production. It is the world's largest consumer of dairy products, consuming almost 100 per cent of its own milk production. Dairy products are a major source of cheap and nutritious food to millions of people in India and the only acceptable source of animal protein for large vegetarian segment of Indian population, particularly the landless, small and marginal farmers and women. Thus, small/marginal farmers and landless agricultural labourers play a very important role in milk production of the country. Dairy farming can also be taken up as a main occupation around big urban centres where the demand for milk is high.

### INTRODUCTION

Agriculture along with animal husbandry has been and will continue to be the lifeline of Indian economy. India is the largest and one of the most economical milk producers in the world. It is the most important sector of the Indian economy particularly in poverty alleviation and employment generation. This sector contributes close to one-fourth of India's National income and total work force engaged in agriculture is more than 60 per cent. In India, the dairy sector plays an important role in the country's socio-economic development, and constitutes an important segment of the rural economy. Dairy industry provides livelihood to millions of homes in villages, ensuring supply of quality milk and milk products to people in both urban and rural areas. With a view to keeping pace with the country's increasing demand for milk and milk products, the industry has been growing rapidly. According to FOA report, from the last three decades, world milk production has increased by more than 59 percent, from 530 million tonnes in 1988 to 843 million tonnes in 2018. India is the world's largest milk producer, with 22 percent of global production, followed by the United States of America, China, Pakistan and Brazil. The Indian dairy industry is projected to grow at a CAGR of 15 per cent year-on-year to reach INR 9.4 trillion by 2020. With India already being the largest dairy producer in the world, its considerable growth can be attributed to the value creation and addition that has been characteristic of this industry. With the rising use of dairy products, the secondary market for dairy products has also been flourishing. The Indian Dairy Development is quite different from those of the developed countries. As India enters an era of economic reforms, agriculture, particularly the livestock sector is positioned to be a major growth area. The fact that dairying could play a more constructive role in promoting rural welfare and reducing poverty is increasingly being recognized. All these above aspects are the stepping-stones to reach white revolution.

### Dairy Farming in India

This research is mostly descriptive in nature. Secondary sources of data have been used for this study and the data has been collected from different published sources like books, journals, newspapers and magazines, and web sites.

### Development of Dairy Farming in India

Livestock plays an important role in socio-economic life of India. It is a rich source of high quality foods such as milk, meat and eggs. With large human population and economically strong potential consumers the demand for food products is increasing rapidly. In India, livestock provides regular, supplementary income to producers engaged in secondary and tertiary forms related to livestock business. Besides providing organic manure, livestock is important source of several value-added by-products, which are not properly, processed and utilized as a commercial activity, but have immense future business potential. Dairy sector has been instrumental in bringing socio-economic transformation. There exists a symbiotic relationship between agriculture and

livestock farming. The agriculture by-products provide feed and fodder for cited whereas cattle provides manure, draught power for various agricultural operations. Besides draught power livestock sector contributes to national income from various industries such as Dairy, Poultry, Leather, Feed, Wool and Fur, Organic fertilizers, Bio-fuel sector and Bioresearch, etc.

### **Livestock Importance in Rural Areas:**

In India, nearly 80% of people living in rural areas, 69% of them are engaged in agriculture sector, 43% of them are cultivators having a bit of cultivable land and remaining 26% are agricultural labourers who are having one or two milch animals. For small farmers, landless and agriculture labourers, the livestock sector is giving sustainability for their lives. It is providing livelihood to the people living in draught areas like Rajasthan and Gujarat, etc.

### **Economic Scenario of Indian Dairy Farming:**

India is the biggest player in the league when it comes to the dairy industry. Along with being the largest producer, the Indian dairy industry has also started exporting milk now. The value of milk is more than the combined value of wheat and rice in the agriculture and food sector. The country is the world's largest milk producer with more than 13% of the world's total milk production.

### **Why the dairy industry is thriving?**

With a population of more than a billion people, India consumes 100% of its own milk production. Majority of the Indian population being vegetarian, dairy products are the only source of animal protein for them. Venturing into dairy has increased as it attenuates poverty and unemployment, especially in the drought-prone areas. Out of the total milk production, 48 % milk is either consumed at the producer level or sold to non-producers in the rural area. The balance 52 % of the milk is a surplus available for sale to consumers in urban areas. Out of the marketable surplus, it is estimated that about 40 % of the milk sold is handled by the organized sector and the remaining 60 % by the unorganized sector. (Source - Department of Animal Husbandry & Dairying).

### **Production and Contribution:**

A typical Indian phenomenon is the unorganized sector of milkmen, vendors who collect the milk from local producers and sell the milk in urban and rural areas. The produce amounted to around 65-70% of the national milk production. According to a recent report presented at the International Dairy Federation's World Dairy Summit, India's milk production is at 4.8% CAGR, which is twice that of global milk production, which is growing at 1.8% CAGR. In the past five years, this has improved even more to 5.4% CAGR. Over the next decade, the sector is expected to create 2 Crore jobs annually. In year of 2018, India produced close to 146.31 million tonnes of milk, 50% more than the US and three times as much as China. India also produces the biggest almanac of any world dairy industry. India's Export of Dairy products was 1,13,721.70 MT to the world during 2018-19. Its monetary worth was Rs. 2422.85 Crores/ 345.71 USD Millions during the year 2018-19. The dairy industry is contributing around 26% to total agriculture GDP. (Source - Agricultural & Processed Food Products Export Development Authority).

### **Milking the trade-front:**

After four years of slackening, India's dairy exports have revived to accomplish the second-best show ever in the financial year 2018-19 due to supply deficit-led global rate the increase in skimmed milk powder (SMP) and other milk derivatives including ghee and butter. (Source - Agricultural and Processed Food Products Export Development Authority) Unexpected renewal in dairy exports has brought a major relief for Indian exporters who were waiting for several years for global markets to turn into deficit and prices to revive. During the last four years, the Indian market was also facing huge supply surplus of milk and its derivatives including SMP, ghee, and butter. The most significant fact is the dairy industry is expected to take over the information technology sector as the biggest employment generator. In the recent interim budget for 2019-20, proposals related to the dairy industry are going to aid in the increase in farmers' incomes.

**CONCLUSION**

The main goal of dairy farming is generating income and employment. Dairy farming has been able to reduce rural poverty as it ensures constant income and provides security to the family members. Selling of milk, dung, stock, milk products are the various sources of income from dairy farming. The small and marginal farmers get around 50% of the income from dairying and livestock. The price of buffalo milk is more than cow milk; hence the level of milk yield from buffalo's milk will be greater than the yield from cow's milk. It necessities to upgrade focused monetary preference in dairy items regarding both quality, expense and its validity in global markets. Milk yield needs to build in order to decline the for every litre expense of handling, quality needs to be upgraded with the selection of the most recent transforming and bundling engineering will expand fare of dairy items.

**REFERENCES**

- Belhekar, S. and Dash, S. (2016). Role of Dairy Industry in Rural Development in India. INDIAN JOURNAL OF RESEARCH, 5 (11): 509-510.
- Chennakrishnan, P. (2011). Dairy farming the rural cash cow. FACTS FOR YOU, pp. 10-13.  
<https://www.entrepreneur.com/article/344276#:~:text=The%20Indian%20dairy%20industry%20is,been%20characteristic%20of%20this%20industry>
- <http://www.fao.org/dairy-production>
- <http://www.businessworld.in/article/Dairy-Industry-A-Catalyst-For-Boosting-India-s-Agri-economy/04-08-2019-174239/>