



Key Characteristics & Issues in Dairy Farming

Production:

- Inadequate attention to dairy farming.
- Poor yield (800-1000 litre p.a. per cow)
- Poor hygiene/quality standards
- Very few large organized farms

Marketing:

- Inadequate returns
- Weak seller power (Agents buy at Rs.6 a litre while organized sector prices vary between Rs. 8-11⁽¹¹⁾)
- Inadequate access to dairy processors
- Delayed payments from organized co-operatives/dairy processors

Key Characteristics & Issues in Dairy Processing

Production

- Under-utilization of processing capacity
- Increased competition & disruption of supply chains
- Marginal increase in productivity ⁽¹²⁾.
- Inadequate attention to quality. Significant traces of pesticides in branded milk ⁽¹³⁾

Marketing:

- Key differentiators are brand, product variety, price
- Fortification with vitamins (upto 2000 IU per liter) has been initiated by a few processors ⁽¹⁴⁾

Key Characteristics & Issues of Consumers

Availability:

- Limited penetration of organized sector

Quality:

- Perception of quality - 'loose is fresh'
- Concern about adulteration

Price:

- Price sensitive consumers.
- Overall consumer spending on milk and milk products increasing at the rate of 11% p.a. ⁽¹⁵⁾

Figure 1: Economics and Issues of Current Value Chain in Indian Dairy