

# The Milk Story

**THE REVOLUTION MADE INDIA, THE WORLD'S SINGLE LARGEST PRODUCER (AND CONSUMER) OF MILK WITH AN ANNUAL PRODUCTION OF OVER 120 MILLION TONNES IN 2012. BUT HAS THE RECENT RISING COST AND UNADDRESSED ISSUES BOUGHT THE MILK REVOLUTION TO A GRINDING HALT? *INGREDIENTS BUSINESS* TAKES A LOOK BACK AT THE FOUR DECADES OF MILK AND MILK INDUSTRY.**

In April this year, the Government of India and World Bank signed a deal for an IDA credit of US\$352 for their National Dairy Development Project. The goal: to benefit 17 million milk producing rural households by increasing the productivity of milk animals and improving market access. Milk production in India has always been dominated by small and marginal landholding farmers and by landless labourers who, in aggregate, own about 70 percent of the national milch animal herd. As crop production on 78 percent of the agricultural land still depends on rain, dairying, as a subsidiary source of income, is a real relief to most of these weaker groups in society. Thus making the milk industry one of the primary sectors of their growth and upliftment, not to mention nourishment too. What gives credence to this conviction is the ground reality. Often one or two milch animals enable these farmers

to generate sufficient additional income to break the vicious subsistence agricultural-debt cycle.

The success of Operation Flood has already proven how food aid can be used as an investment in building the type of institutional infrastructure that can bring about national dairy development, especially in rural India. In the early 1950s, India was commercially importing around 55000 tonnes of milk powder annually to meet the urban milk demand. Currently, the quantity has substantially reduced, thanks to better milk procuring and distribution capacity.

But even after 40 years, the reliance

on low-cost and often-subsidized commercial imports as well as gifts is seriously affecting the development of dairying systems in India. Result, depressed domestic milk prices have made dairying uneconomical for most local milk producers. A prove of the same was when farmers in north spilled milk on the road to protest the rise of cattle feed prices. This in spite the fact that the milk production in North is so low that at times top brands like Mother Dairy too suffers from shortage of supply of milk.

Undoubtedly, the major challenge for the dairy sector is to increase milk production in order to meet the increasing demand resulting



from the almost inevitable expansion of population and growth of disposable income. To mitigate such challenges there is an ardent need of policies that are market oriented; technologies that are suited for production, procurement, processing and marketing; and the development of social, economic, political and cultural environment that is conducive for dairy development..

In India though, most of the significant developments in dairying in India have taken root in the current century – which is pre- and post-Operation Flood.

the urban demands, the change did well for military purposes.

The growth of the population in urban areas led to the start of several cattle sheds in different cities. Though not environmentally sound approach, they soon became the lifeline of many a city dwellers. The sudden rise of unorganised dairy farms led to these high-yielding cattle developing sterility problems, which considerably reduced the number of carvings. Once the cattle became unproductive, they were sold to slaughterhouses. This practice systematically drained the country of

with the government. The goal was to provide hygienically milked, healthy milk to the country's growing urban population. Initial government action in this regard consisted of organizing "milk schemes" in large cities. To stimulate milk production, the government implemented the Integrated Cattle Development Project (ICDP) and the Key Village Scheme (KVS), among other similar programmes. In the absence of a stable and remunerative market for milk producers, however, milk production remained more or less stagnant. Till the 1970, the growth rate in milk production

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## DAIRY, PRE- OPERATION FLOOD ERA

The earliest attempts at dairy development can be traced back to the British era, when the Defence Department established military dairy farms to ensure a constant supply of milk and butter to the colonial army. The first of these farms was set up in Allahabad in 1913; subsequent facilities were established at Bangalore, Ootacamund and Karnal. These farms were well maintained and, even in those early stages, emphasised on improved milch animals rearing. As animals were reared under farm conditions, some herd improvement was made using artificial insemination. Though ineffective in meeting

its genetically superior breeds.

It was not until WWII that modern dairy farms came into existence in cities like Mumbai, Kolkata, Chennai and Delhi. The rise of modern dairy farms led to the emergence of dairy products — essentially processed milk, table butter and ice-creams. Polsons, Keventers and the Express Dairy became the pioneers of urban processing dairies, with the focus still being milk quantity than quality. These early modern systems did little to develop the quality of milk, livestock or even the industry—as despite modernized processing facilities, dairying remained unorganized.

It was India's first Five-Year Plan in 1951 that dairy became a priority

was barely 1%per annum, while per capital milk consumption declined by an equivalent amount.

By 1960s, various strategies by state governments had failed to elicit any results. The only advantage of the sudden interest was the bevy of dairy processing plants and milk colonies that were set up in Mumbai, Kolkata and Chennai. The milk production capacity was still an issue. Milk's perishable nature and relative scarcity gave the milk vendors leverage, which they used to considerable advantage. This left these government-run dairy plants with little choice but to run the establishments with large quantities of relatively cheap, commercially imported milk powder. The daily per capital availability of