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## The Consumption Pattern of Dairy Products by Indian Consumers Since 2000.

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### ABSTRACT

Milk production in India takes place in Millions of rural households scattered across the length and breadth of the country. The performance of the Indian Dairy sector over the last three decades has been extremely impressive. This can be attributed to successful implementation of the Operation Flood programme and other dairy development programmes implemented by the State and Central Governments. Before Operation Flood came into being, India was a net importer of dairy products, mainly milk powder. However, milk production has increased substantially and in 2006-07 it almost doubled from the 1991 levels to touch 100 million tons. During this period, the per capita availability of milk also increased by almost 38 percent. This phenomenal growth in milk production has been due to demand-side development and supply-side promotions – increased demand for value-added products by consumers and extensive dairy development programmes. The milk production, supply and marketing in India is decentralized. Almost 55 percent of the milk produced is consumed by the producer household. Of the remaining, two-third is sold in informal markets and 15-16 percent of the total milk produced in the country enters the organized market comprising cooperatives and the private sector.

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## Introduction

Milk production in India takes place in Millions of rural households scattered across the length and breadth of the country. The performance of the Indian Dairy sector over the last three decades has been extremely impressive. This can be attributed to successful implementation of the Operation Flood programme and other dairy development programmes implemented by the State and Central Governments. Before Operation Flood came into being, India was a net importer of dairy products, mainly milk powder. However, milk production has increased substantially and in 2006-07 it almost doubled from the 1991 levels to touch 100 million tons. During this period, the per capita availability of milk also increased by almost 38 percent. This phenomenal growth in milk production has been due to demand-side development and supply-side promotions – increased demand for value-added products by consumers and extensive dairy development programmes. The milk production, supply and marketing in India is highly decentralized. Almost 55 percent of the milk produced is consumed by the producer household. Of the remaining, two-third is sold in informal markets and 15-16 percent of the total milk produced in the country enters the organized market comprising cooperatives and the private sector.

### Objectives of the Study

- To study the consumption pattern of dairy products by Indian customers
- To know the dairy product mix consumed by Indian customers
- To know the production and availability pattern of milk products

### Dairy Development in India

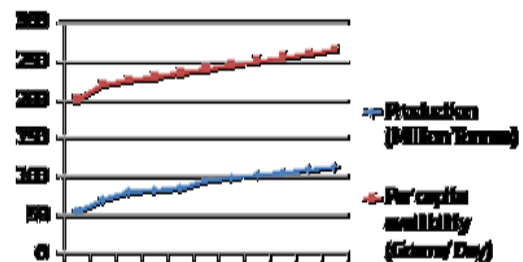
During the early decade of fifties and sixties, milk production in the country was stagnant and these scarcities of resources in terms of livestock led to the need for major policy reforms in the dairy sector. As a result India has emerged as the world's large milk producing country. Milk production increased by about 4 percent a year and it increased 22 million tons in 1970-71 to 104.8 million tons in 2007-08, the per capita per day milk availability increased from 107 grams to 245 grams during this period. The production of milk increased by growth rate of 5.27 in 1994-95. In this production buffalos are major contributors of milk production in the growth of 9.56 per cent. After that the growth of milk production decreased by 2.07 per cent during the period of 2002-03 and after that the growth rate indicated increasing trend. Cows and Buffalos contributed most in increasing the milk production.

### Production/Per capita Availability of milk in India

Year	Production (Million Tons)	Per Capita Availability (gms/day)
1999-00	78.3	217
2000-01	80.6	220
2001-02	84.4	225
2002-03	86.2	230
2003-04	88.1	231
2004-05	92.5	233
2005-06	97.1	241
2006-07	102.6	251
2007-08	107.9	260
2008-09	112.2	266
2009-10	116.4	273
2010-11	121.8	281
2011-12	127.3	288

Source: Ministry of Agriculture

### MILK PRODUCTION AND AVAILABILITY IN INDIA



### Steady Growth of Dairy Sector

The green revolution has now reached stagnation. In such a case, there is need for diversification of crop production system by greater integration of livestock. Fortunately, various government initiatives through the promotion of dairy co-operative movement under operation flood programme and several other dairy production schemes have resulted in augmenting milk production at an average annual growth rate of 45 per cent. The implementation of operation flood brought a "white revolution" in India with milk production increased from 63.8 million tonnes per annum in 1994-95 to 115.4 million tons at the end of 2012-13. However, the country's per capita availability is still lower than the world's daily average of about 258 grams though it was double from 124 grams per day in 1950-51 to 272 grams per day in 2012-13 and the growth rate of milk production fluctuated during this period. In 1980, the share of six biggest milk producers was 57 per cent of global market and reached 63 per cent in 2003. It is interesting to note that during the past 3 decades, the total milk production was increased but per capita milk production declined from 105 Kg in 1980 to 96 Kg in

2004, showing the declining rate of 9 per cent. Shift in total WMP was observed after globalization to various milk products which is clearly defined in the table. Starting from 4.14 metric tons of production of butter reached the mark of 4.34 metric tons by the end of the year 2012. At the same time, the work Cheese production from 25.1 metric tons in 1998 reached 30.8 metric tons. SMP performed very poor in the world milk production starting from 2.88 in 1998, declined to 2.86 metric tons by the end of the year 2012. However, positive upward growth in production for WMP has been observed from 2.72 metric tons in 1998 to reached 3.68 metric tons.

#### India's Milk Product Mix

India's Milk Product Mix	
Fluid Milk	46.00 %
Ghee	27.50 %
Butter	6.50 %
Curd	7.00 %
Khoa (Partially Dehydrated Condensed Milk)	6.50 %
Milk Powders, including IMF	3.50 %
Paneer & Chhana (Cottage Cheese)	2.00 %
Others, Including Cream, Ice Cream	1.00 %

Source: Office of the Economic advisor, Ministry of Commerce and Industry, Gol.

#### Conclusion

Over the decade, the dairy industry has become more consumer oriented, they have started the innovative practices of organized retailing, supply chain management, balanced product portfolio, product development. Dairy industry has started following the concept of competitive considerations and also adopted mass media for advertising it's important. On the other hand customers have become more health conscious related to diet. As their purchasing power has increased customers are more inclined towards various product variants, which mobilize the dairy's to go new product development. Apart from this the western culture also influencing the eating habits related to dairy products. Another reason for the phenomenal growth in milk production has been due to demand side development and supply side promotions which increased demand for value added products by customers and extensive dairy development programmes.

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