

DAIRY PRODUCTS

India:

- is the third largest milk producer in the world
- has current annual milk production of 63.5 million tonnes, and growing steadily
- experiences seasonal variations in milk production
- has the potential for investment in value-added products
- averages a 9% annual increase in demand for milk and milk products, with production continuing to lag behind demand

Currently, the consumption of liquid milk accounts for about 46% of total production, with the remaining 54% being converted to milk products, mostly by the non-organized sector.

Estimated Annual Production of Dairy Products, 1994

	'000 Tonnes
Milk Powder	141
Baby Food	54
Condensed Milk	8
Ghee	75
Table Butter	18
Cheese	3
Ice Cream (kl)	30
Malted Milk Foods	44

Source: *Food Processing Industries in India: Investment Opportunities, 1995/96*, Government of India

Buffalo milk is generally preferred over cow's milk due to its higher fat content (7% vs. 3.5%), higher total solids (an average of 16% vs. 12%) and higher calcium, phosphorus, lactose and protein content. The cooperative sector continues to dominate liquid milk marketing in the organized sector, handling 80-90% of total milk retailed. Private dairies market branded liquid milk in the metropolitan areas. The private sector focuses mainly on the production and marketing of value added milk products such as ghee (clarified butter), milk powder and paneer (cottage cheese), where the profit margin is higher. Major dairies are Amul Dairy, Kaira (Gujarat State), Sagar Dairy (Mehsana, Gujarat), Mother Dairy (Delhi, Madras, Calcutta), Delhi Milk Scheme, Aarey Milk Dairy and Mahanand and Gokul Dairy (Mumbai).

Milk and milk products have traditionally formed an important part of the average Indian diet. New value-added products such as desserts, puddings, custards, sauces, mousse, stirred yogurt, nectars and sherbets are quickly gaining acceptance in the growing middle class market, and manufacturers use intensive advertising and promotion to sell their products. There are a large number of branded products, both regional and national. Some of the dairy cooperatives have