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SWOT Analysis of Dairy Industry in India

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The livestock sector is one of the fastest growing segments of the agricultural economy in India. It contributes nearly 28.63 percent of the total value of agriculture GDP and accounts for about 4.2 percent of the total GDP. The overall growth of livestock sector shows increasing trends and is around 8.24 per cent and this has been achieved despite the fact that the investment in this sector was not substantial. During 2020-21, livestock sector contributed 198.4 million tones of milk, 63.02 billion eggs, 42.99 million kg wool, and 4.83 million tonnes of meat. India ranks first in the world in milk production [1]. Improved genetic material achieved primarily through cross breeding of cattle and upgrading of the national buffalo herd has played a significant role in increasing the productivity. Gradual extension of improved husbandry practices increases in consumption of balanced concentrates made possible in part through innovations in the field of nutrition expanded area under fodder greater to access to veterinary care and advances in the fight against endemic and epidemic cattle diseases have also contributed to increased production and productivity.

About three quarters of milk produced is consumed at the household level of the milk supplied to the market about 9-11 percent is processed in over 275 dairy plants and 83 milk product factories operated by co-operative, private dairy processors and government milk schemes in the organized sector. Milk channeled through operation flood co-operatives is generally processed in dairy plants located in the rural areas and then transported in to cities and towns. Operation flood milk production account for about 10% of total milk production or 40% of the marketed output. The balance about 90% of total production is handled by the private traders and processors. About 45% of milk production is consumed as fluid milk. About 35% is processed into butter or ghee about 7% is processed into Panner (cottage cheese) and other cheese about 4% is converted into milk powder and the balance is used for other products such as Dahi and sweet meats there has been an

increasing ice cream production as foreign companies have invested in India.

Development of dairy industry in India

During the Pre-independence year there was no serious stress given to dairy industry. In 1886 the Department of Defense of the British Government established the dairy farms for the supply of milk to the British troops in Allahabad. Later, in 1920 serious steps were taken by Mr. William Smith, an expert in dairy forming to improve the milk production. There was discrimination done to the Indians hence this led to the rise of the first milk union in India. In Lucknow in 1937 called the Lucknow milk producer's Co-operative union Ltd. In 1946 AMUL (Anand Milk Udyog Ltd) was started in Gujarat to bring up the economic stability of villagers. When the former Prime Minister Lal Bahadur Shastri visited the functioning as it was rendering a social service to the society, which helped the villagers to come in the national economic stream.

The dairy and Animal Husbandry received serious attention after the independence. There was lot many of progressive steps taken by the government through five-year plans. This led to the formation of National Dairy Development Board in 1965 & thus in 1970 he decided to bring a "White Revolution" throughout the country, initially 10 states were selected were for this purpose excluding Karnataka. In Karnataka in 1974 an integrated project was launched to restructure and reorganize the dairy industry on Co-operative principle of AMUL and to lay foundation for new direction in dairy industry [2].

National Dairy Development Board

The NDDB was established in 1965. The board was registered under the Societies Registration Act and the public Trust Act, fulfilling the desire of the Prime Minister of India - the late Lal Bahadur Shastri to extend the success of the Kaira Co-operative Milk producers union to other parts of India. Dr. Verghese Kurien was the founder chairman.

Objectives of NDDB

- To sponsor, promote, manage, acquire, construct or control any plant or work, which promote projects of general public utility relation to dairying.

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- To make information available on request to technical services to increase production of Milk.
- To prepare initial feasibility studies of dairying and other dairy related projects and undertake subsequent designing planning and start up those projects.
- To undertake research and development programme related to production and marketing of milk and milk products
- To provide assistance for exchange of information to other international agencies [3].

Demand for dairy products

Demand for dairy products in India is likely to grow significantly in the coming years, driven by more consumers, higher incomes and greater interest in nutrition. Consumption of processed and packaged dairy products is increasing in urban areas. Because of the increasing competition from the private sector, several national and international brands have entered the market and expanded consumers' expectation of quality – although only among a small proportion of the population [4].

The favorable conditions for increasing demand

- Market growth is due to high per capita consumption, increasing population and health consciousness.
- Unpackaged milk is still preferred because of taste and price.
- Mostly urban consumers have a very low but increasing interest in new products.
- Price elasticity is high.
- Consumption of processed and packaged dairy products is increasing in urban areas.
- Consumer awareness on product quality is increasing but in a very small portion of the population.

SWOT analysis of dairy industry

SWOT Analysis is nothing but analysis of a company or organization on the basis of its Strength, Weakness, Opportunity and Threat (SWOT).

Importance and uses of SWOT

1. SWOT analysis is used to identify and categories significant internal factors (i.e., strengths and weaknesses) and external factors (i.e., opportunities and threats) faced by the organization.
2. It provides information that is helpful in matching the firms' resources and capabilities to the competitive environment in which it operates and is therefore an important contribution to the strategic planning process.
3. It should not be viewed as a static method with emphasis solely on its output, but should be used as a dynamic part of the management and business development process.
4. SWOT analysis involves the collection and portrayal of information about internal and external factors that have, or may have, an impact on the evolution of an organization or business.
5. It generally provides a list of an organization's Strengths and Weaknesses as indicated by an analysis of its resources and capabilities, plus a list of the Threats and Opportunities identified by an analysis of its environment.
6. Strategic logic requires that the future pattern of actions to be taken should match strengths with opportunities ward off threats and seek to overcome weaknesses.

7. People directly involved in various hierarchical levels of decision making in an organization or business, or a wider sample of actors are involved if the SWOT analysis concerns a whole region or nation. Representatives from a variety of stakeholders groups should be involved, as they would bring in the analysis their own particular perspectives.
8. At least one expert in SWOT analysis should take part or moderate the process.

Advantages and disadvantages of SWOT analysis

The success of this method is mainly owed to its simplicity and its flexibility. Its implementation does not require technical knowledge and skills. SWOT analysis allows the synthesis and integration of various types of information which are generally known but still makes it possible to organize and synthesize recent information as well.

The most common drawbacks of SWOT analysis are:

The length of the lists of factors that have to be taken into account in the analysis; Lack of prioritization of factors, there being no requirement for their classification and evaluation; No suggestions for solving disagreements; No obligation to verify statements or aspects based on the data or the analysis; Analysis only at a single level (not multi-level analysis); No rational correlation with the implementation phases of the exercise, risks of inadequate definition of factors; over-subjectivity in the generation of factors (compiler bias); the use of ambiguous and vague words and phrases [5].

Strengths

1. Enhanced milk production with consequently increased availability of milk processing.
2. Improved purchasing power of the consumer.
3. Improved transportation facilities for movement of milk and milk products. Increased availability of indigenously manufactured equipment.
4. Large number of dairy plants in the country.
5. Vast pool of highly trained and qualified manpower available to the industry.
6. Country's vast natural resources offer immense potential for growth and development of dairying.

Weaknesses

1. Lack of appropriate technologies for tropical climate conditions.
2. Erratic power supply.
3. Lack of awareness for clean milk production.
4. Underdeveloped raw milk collection systems in certain parts of the country.
5. Seasonal fluctuations in milk production pattern.
6. Regional imbalance of milk supply.
7. Species-wise variation in milk quality received by dairy plants.
8. Poor productivity of cattle and arable land.
9. Scarce capital for investment in the dairy development programmes on a priority basis.
10. Absence of proper data records which is essential for preparing development programmes.
11. Dairy development programmes have not been fully implemented as per the needs of the region in different agro-climatic zones.

12. Lack of marketing avenues for the dairy produce.
13. Non-availability of software for preparing needed dairy schemes/projects.
14. Lack of infrastructure for offering Dairy Business Management programmes to train dairy personnel [6].

Opportunities

1. Greatly improved export potential for milk products of western as well as traditional types.
2. Expanding market for traditional dairy products.
3. Increasing demand for fluid milk as well as value added products.
4. By-product utilization for import substitution.
5. Employment generation.
6. Growing demand for milk and milk products.
7. Liberalized policies in dairy sector.
8. Availability of large resources of unconventional feeds and fodders.
9. Availability of diverse germ plasm with unique features like heat tolerance, disease resistance, draftability and ability to survive and produce under stress conditions.
10. Availability of animal production technologies for faster development and effective implementation.
11. Integrated structure of marketing for milk and milk products.
12. Integrated structure of livestock marketing through regulated markets.
13. Improved collection of data on contract basis through agencies.
14. Market information intelligence system for milk and milk products.
15. Development of software for project formulation for dairy enterprise.

Threats

1. Introduction of foreign products in Indian market.

2. Increasing chemical contaminants and residual antibiotics in milk.
3. Poor microbiological quality of milk.
4. Export of quality feed ingredients particularly cakes under the liberalization policy.
5. Deficiency of molasses, a rich source of energy and binding agent in feed industry and constituent of urea molasses mineral lick.
6. Excessive grazing pressure on marginal and small community lands resulting in complete degradation of land.
7. Extinction of the indigenous breeds of cattle due to indiscriminate use of crossbreeding programme to enhance milk production.
8. The liberalization of the dairy industry is likely to be exploited by multinationals. They will be interested in manufacturing value added products. It will create milk shortage in the country adversely affecting the consumers [7-8].

SUMMARY

India is predominantly an agrarian economy with more than 75 per cent of its population living in villages and depending on agriculture and allied activities for their livelihood. Land and cattle have traditionally been the two basic income yielding assets of Indian farmers. Dairy farming is an important source of subsidiary income to small farmers and agricultural labourers. Maharashtra state is pioneer and rank first in the growth of co-operative movement in India. The study of this SWOT analysis shows that the 'strengths' and 'opportunities' far outweigh 'weaknesses' and 'threats'. Strengths and opportunities are fundamental and weaknesses and threats are transitory. Dairy co-operatives have thus, multiple linkages in development of agriculture, employment, income, and health nutrition and education level in urban as well as rural area.

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