

Analysis of the indian dairy industry

Environment, Air



My new venture is Lakshmi Dairy which (According to Hindu mythology cow is considered to be the goddess of wealth and prosperity) attempts to encroach the simple dairy merchandise. Processing the milk in my dairy which iam likely to set up in my home town, that is acquired from farmers from surrounding villages. My ultimate target would be from the day-to-day consumption and flourishing dairy products such as butter, cheese, yoghurt, especially types of Milk itself i. e., Skimmed milk, semi-skimmed, whole milk. Keeping in mind my previous experience, in my family business (Lakshmi Milk Booth) along with my father, collecting milk from various farmers and distributing them in our village, which I thought will be helpful for me in starting a dairy firm. This helps me to expand my family business (Lakshmi milk booth) by employing my villagers who at least have a minimum qualification which helps them in handling the sophisticated equipment that is used in this whole process.

Introduction:

Food, clothes and shelter are the three basic necessities of human beings where food is considered to the first and foremost thing for the survival of the human beings (source). It can be consumed in the form of liquids such as water, milk, natural fruit juice, beverages etc as well as solids such as baked food, cooked food, natural fruits and vegetables etc.

As milk is considered as the highly nutritious and the complete food, it is consumed in a large quantity. Especially, for the kids who are less than 3 yrs old, it is suggested by doctors that Milk gives sufficient calcium, proteins and vitamins before they can digest any other food (reference, u can't say on ur

own). Not only kids but also people who are aged above 45 yrs are habituated to consume milk as a part of their break fast, as it strengthens teeth and bones and supplies required calcium (reference please).

Indian dairy industry:

Agriculture is the largest private sector and is also known to be the lifeline of the Indian economy. More than 60% of the population is dependant on the agriculture while 58. 2% of the work force is directly or indirectly employed by means of agriculture. (Reference please, when giving facts and figures u need references for sure)

Dairy farming is the most important part of the agriculture for thousands of years now and India is the largest milk producer. It produces 112 million MT with the highest share of 13% of the world's production, which costs approximately 105, 946 crores (£1 = 72) (Shiva kumar Hedao, 2010) (this one is ok)

Dairy industry is the highest contributor of the rural economy and hence it is considered to be the backbone of the agricultural sector. It is the leading source of nutrition, Bio-gas, employment, income of cash and a ' cushion for drought proofing in India (Patel, 1993; Paroda, 1998).

Market Research:

The world's largest and the cheapest milk producer is India (Shiva kumar Hedao, 2010). Dairy products in India have a market value for about 100 billion. For many years now, the dairies in India have been delivering universally required products such as Semi-skimmed and skimmed milk,

vanaspathi (ghee), butter, cheese etc. So as to capture the market place they have also started producing new dairy products like low fat milk, sweet yogurt etc. also the traditional sweets like rasmalai, rasgullas etc.

thereby creating an opportunity for the new entries.

Dairy farming industry in India is one of the most rapidly growing industries, which is in turn is providing various opportunities for the new entrepreneurs. However, media (electronic and press) and the government play a key role in educating the people about the importance of the milk consumption and its products regularly. As per the recent (which market survey mention it)market survey, it is considered that the total population of India is 168 crores approximately. On the other hand, doctors and reputed health organisations are constantly advising us to include at least 100 ml of milk per day in our daily meal. (reference please, which doctor or doctors or doctors association)In that case, if every individual starts consuming 100 ml per day, the milk consumption on the whole might be 168, 000 tons approximately. The growth and expansion of Dairy industry in India is likely, due to the development of the urban communities.

The global consumption of milk has tremendously increased but it has become a challenge to meet the basic nutritional value of the dairy products in the under developed, developed and developing countries. The growth in per capita income might impact and eventually increase the consumption of milk and its products. Through the historical data, it is evident that as per the Indian standards the consumption of the dairy products could be more of the live stock products. The changes are more likely when the mankind start

adopting the new lifestyle, food habits which are considered to be a part of the socioeconomic and the demographic factors (Radhakrishan and Ravi, 1990).(ok)

Structure of the Industry:

India is a developing country. Moreover, the dairy industry in India is not well established when compared to that of western countries. More than 90% of the dairy products are delivered by unliterary/unorganized sector and only 10% are delivered by organized sectors. (Shiv Kumar Hedao, 2010, referencing goes like (Hedao, 2010) that's it).(other than that Fine) Many dairies adopted the most traditional and the ancient ways of producing milk and its products. Until the past few years countries like India have been concentrating only on limited and regional dairy products like yogurt (regular), butter, cheese etc. Since the last 3 years, in order to capture the market, they have been producing the new dairy products such as sweet yogurt, flavoured milk shakes etc. (Shiv Kumar Hedao, 2010). gud

SWOT Analysis:

The best of the data for conducting the SWOT analysis has been gathered considering the real instances of my (Give some name) Family Business (Milk) and the recent information on Dairy Industry in India, especially focusing on rural (villages) areas.

Strengths:

India is well known for largest live stock owning, as it has about 61% of buffaloes and 19% of cattle of the world (GOI, 2002). (Gud) In the year 1992, the livestock in India was 470. 86 millions approximately (Sharma, June 2002

page 8, (u don't need page and month while citation, it should be like this (Sharma, 2002) that's it). Considerably the labour and the whole production unit costs are less when compared to that of other countries. Also, India stands in the 2nd place in terms of the population and also the 7th largest country in the world of which 43% of the land has been used for agriculture purpose. Reference please

Weaknesses:

The two drawbacks of dairy Industry in India are as follows:

In spite of availability of the various sophisticated equipments, most of the Dairy firms in India still tend to use the ancient techniques for the process of production. Any Source u can proof ur point

Most of the dairy firms in India are unorganized. (Hedao, 2010), I have done this referencing for u...

Opportunities:

In recent days, we could see that there has been tremendous increase in the consumption of milk, which wouldn't have been possible without the intervention of media and the government. The key task performed was educating the people about the dairy products and its importance which effectively increased the consumption of milk. Hence, they created an opportunity for the new entities to capture the market share. Government has also made it easy for the dairy firms to import the highly sophisticated equipments with very less excise duty charges and the licensing policies etc. (u need source/reference to cover up ur this point)

Threats:

Unfortunately, many other western countries are exporting high quality dairy products to India due to the liberalization and the WTO full form please, as u havn't mention it before agreements, teacher will say I don't know what is it. Hence, there are high end milk products that are readily available in the market which could be at a major threat to the new entities. (How is the main point, rite it down)

My Business Concept:

I would hereby like to talk about the whole business plan (Lakshmi Dairy Firm) that I am likely (likely word shud not come, as u must be sure as a business women) to start. My family is based out of Thadepalligudem (a small village with more than 300 families among which there could be 85% illiterates approximately (Source)) in Costal Andhra (Andhra Pradesh, the highest milk producing state in India). Our family has been running a small business across the village for almost 32 yrs now. I helped my father in the business, apart from my studies, since I was 12 yrs old which helped me gain some knowledge in establishing my own firm based on my experience.

My father, mother and 3 more staff that we have engaged used to collect milk twice a day (at 6 am and 5 pm) at the milk booth, apart from which we have a delivery staff of size 15. On an average we collect 3000-3500 litres (u can increase ur staff if u want as it seems to be much more enough for 5 people to collect milk, that's my opinion) of milk from the villagers belonging to my own village and also the surroundings. Once the milk is gathered, it is sent for processing i. e., purifying, filtering and refining. One this process is

complete; the milk is filled and stored in the container of with the capacity of 30 litres each. These cans are then distributed accordingly at homes, sweet shops, bakeries, hotels etc. in the near by towns and cities, by the delivery staff through various means (wrong spelling) of transportation like motorcycles, auto rickshaws etc. without actually packing or chilling. The distribution of the milk cans should not take more than 2 hrs; on the whole it takes 5 hrs from the time the milking is done to the time of delivery.

If the entire stock is sold out, we get a minimum profit of 15% to the maximum of 20%.

During the winter season, as the cows and buffaloes yield more milk, the production is high (by 6% to 8% on the whole) where as there is decrease in the consumption. As villages doesn't have any kind of sophisticated equipment for storing the remaining milk, it goes waste i. e., loss. Due to the less consumption of milk (in winter season), the prices may drop down from 30% to 50% in the neighbourhood villages. Instead, if we have required modern equipments to convert milk into milk powder, we may still make more profit on the whole (5% higher than the normal profits). (gud natural point)

During summer, the consumption of milk is likely to increase and hence there is more demand for the dairy products such as yogurt, butter, cheese, ghee etc. However, the production of milk during this season is very less. (why milk production is low in summers proof it) Also there is no latest machinery which could covert milk into several other dairy products in huge quantities, due to which we loose our valuable customers.

Currently my family is carrying the business transactions between two cities and collecting the milk from six villages only. Also there is no dairy firm located for about 410 kms from my village, as my village itself and its surrounding villages are under developed and backward. In order to overcome the above mentioned difficulties, I have business plan of establishing a Milk Dairy in my village.

Following are the reasons to choose my village for a launching a Milk Dairy:

Have more livestock compared to other villages.

Central place to 20 other villages (easy access).

Near by to the cities with the population of more than 75, 000 individuals.

We own a land which is big enough to construct the building.

To develop my village in terms of liveliness.

Allocation of sufficient funds by government for the firms that are been established in the backward areas.

Initially, I would start of my business by introducing the highly sophisticated equipments, which helps us store the milk for longer time (say 20-25 days). The next equipment that I would introduce is the packing machine (to sell the milk in packets as we do now) and a van with a built in chilling machine which makes it easy for the long distance transportation. We (our family business) are well known for the quality, punctuality/timely delivery and reasonable prices of the product, at the same time we maintain a good

rapport with our staff by giving wages on time and lending advances. (Well done)

Market and USP:

In the cities and towns near by my village there could (u shud be certain with facts and figures while doing or starting business) be a population of about 80, 000 approx. where it is assumed that 8, 000 to 8, 500 litres of milk can be sold out and the dairy products of 1700 to 1900 kilograms every day (varies from season to season). In my village, very limited numbers of dairy products are available (which products are they mention it please). However, the customers are not satisfied as they are unhygienic, low quality etc. Due to the lack of alternatives, they had to purchase it. (say we will provide better alternatives)

Taking this as advantage I would like to produce more number of dairy products like milk powder, yogurt, skimmed and semi-skimmed milk etc. with high quality and reasonable prices. I strongly believe that the goodwill of my family will give a boost up, which I (u shud be certain while doing business whether it works or not) be successful by working with the well versed experienced staff.

Competitors:

As there is no dairy closer to my village, people are dependant on the regional milk sellers. There are four other competitors who has the similar business that we carry out, among which two of them are closed during summer (due to the less production of milk), while the other two has less

reputation and fame when compared to us and we conquer 60% of the market share while the 40% is captured by the rest.

Price and Margins:

The primary objective of launching a Dairy firm is to make the hygienic, reasonable product available any time. The cost price of milk/litre is 9 to 13 and the selling price is 14 to 18 per litre (£1 = 72*). If the entire stock is sold out then we are likely to make a profit of 2 to 3 per litre. The left over milk will be processed to convert it into the milk powder, which in turn can be saved up to 6 months and are sold out during summer (when in demand).

The supplements like yogurt, ghee, and butter milk are bought from the farmers directly and are further processed to meet the quality. These dairy products can be sold with a margin profit of 15% at the maximum.

Sources of capital:

Considering all kinds of expenses like building construction, equipment, milk tankers, miscellaneous (such as wages, excise duty charges, policy agreement etc.), it is assumed that the business investment is 20 millions.

By constantly increasing the sales and expanding the market, I would introduce new products. It would not be necessary to invest the entire amount at a time. Initially, I would require a warehouse and the chilling storage carriers to store the excess milk. At the start up of my business I will need 1.5 million, for which I can raise sufficient funds by my own means.

(gud)

I would approach banks (like Industrial Credit Investment Corporation of India (ICICI), Industrial development bank of India (IDBI) etc.) for the loans. Also various sources such as national Dairy development board, A. P. R. P. R. P, government of India are coming forth to raise funds for the industries in backward areas, thereby encouraging the rural communities.

Future:

Five years from the start up of my firm I would target to reach all the customers specify the range by providing quality product and service in my District.

Eight years from then I would expand my business across the state by establishing two more plants and by exporting to the neighbouring states.

Twelve years from then I will make my products available nationwide and collaborate business with neighbouring countries.

Fifteen years from then I would market my products available globally and make tie-ups with the western companies for advanced technologies.

Challenges:

Transportation might be a challenging task, as we have no proper roadways. Managing the excess production of milk in winter might become little difficult due to the lack flow in electricity especially during the summer. Grammatical error in sentence

Check references as well how do it...

Units of Measurements:

1 Pound = 72. 57 Indian Rupees

1 Lakh = 1, 00, 000

1 Crore = 1, 00, 00, 000

1 Million = 10 Lakhs

1 Billion = 100 Crores