

Consumption of milk case study

Business



The per capita consumption of milk is only about half of its consumption in the US and Australia, and in the case of poultry meat, it is still lower, only about 12 per cent of the consumption in China.

In the developing countries, the demand for livestock products is more elastic than the demand for cereals. This implies that with the rise in per capita income, the demand for livestock products would rise faster. The supply for these products is also highly price-elastic. In this study, the supply and demand functions for major livestock products have been evaluated, and projections have been made for the years 2010 and 2020.

For demand analysis the study uses consumer expenditure data from 50th round of National Sample Survey Organization pertaining to the year 1993-94 while supply analysis is based on time series data on quantity, prices and technologies of livestock rearing for the period 1970 to 1998. The findings of the study provide an insight into the projections for 2020, and foresee holistically the demand and supply gap for livestock products.

I hope the policy paper would be useful to both researchers and policy planners. I thank the author for conducting such a detailed study. Lanyard 2004 New Delhi Marijuana Director's study on demand and supply projections for livestock products in India, illustrates the kind of constructive dialogue NCAAA hopes to encourage in policy research in livestock sector. Dr. Attendant Shah, the former Director, NCAAA has motivated me to undertake this project. Dr. Marijuana, Director, NCAAA has offered his valuable comments, suggestions and remained instrumental in completing this project.

I thank both of them for the encouragement, advice and support in conducting this study.

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I am equally grateful to the referees of this paper for their useful comments. Author rhea livestock sector plays a significant role in the welfare of rural population of India.

Of the total households in the rural area, about 73 per cent own livestock. More importantly, small and marginal tatters account tort treasurers to these households. Income from livestock production accounts for 15-40 per cent of the total farm household's income in different states.

Thus, an increase in demand for livestock products, can be a major factor in raising the income and living standards of he rural households. In the low-income countries, the demand for livestock products is more elastic than the demand for cereals.

This implies that with the rise in per capita income, the demand for livestock products would rise faster in the third world countries. The demand for livestock products in India is highly income-and price- elastic while supply for these products is also highly pricelist. This study estimates complete system of demand-supply equations, and analyzes the effects of income and price

changes on demand, and the impact of prices, technology, and various inputs on the supply for livestock products and makes projections for demand-supply for selected livestock products for the year 2020.

The production of livestock products is demand-driven rather than supply-driven, as is in the case of cereals.

The supply elasticity for livestock products are less elastic as compared to demand elasticity. Demand study has been made using the latest available consumer expenditure data from National Sample Survey Organization (NSS) 50th Round, which covers urban and rural households in various states. The data pertain to the year 1993-94. The Log Linear Model has been employed to estimate the complete systems of demand equations.

The sample size is 76, 784 households for rural and 40, 009 households for urban India.

The commodity groups for which demand equations have been estimated include milk, mutton and goat meat, beef and buffalo meat, chicken, egg, threshold and non-foods. The supply study uses time series data on quantity of production, own prices, prices of inputs (feed), the existing stage of production technologies of livestock products for the period 1970 to 1998. Linear and Polynomial Price Lag Models have been employed to estimate supply equations.

The supply equations that have been estimated include milk, mutton and goat meat, beef and buffalo meat, chicken, and egg. The livestock products being high-value commodities, exhibit high elasticity.

The consumption pattern has revealed that rural population on an average consumes less quantities of livestock products than the urban population. The cross-price elasticity suggest that most livestock products substitute each other in consumption. rhea income elasticity of demand for milk has been estimated as 1. 36 for rural households and 1. 07 for urban households.

The demand for beef and buffalo meat, Chicken and egg has been found to be more elastic in rural households (ranges from 1.74 to 2.35) than in urban households (ranges from 0.57 to 1.24). Interestingly, the income elasticity for mutton and goat meat has been found to be more elastic (3.

1.9) in urban households, as compared to rural households (0.52). This implies that mutton and goat meat have higher demand in the urban areas. rhea expenditure elasticity for livestock products are high, particularly in the rural areas than in the urban areas. It implies that increase in per capita income of rural