

AUSTRALIA BUSINESS WEEK INDIA (ABWI)

10-16 January 2015



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Scope

- Australia Business Week India, ABWI
- Background on Indian dairy industry
- Austrade Dairy Visits
- Lessons and opportunities in India

Australia Business Week India - ABWI

- ABWI - January 10-16, 2015
 - A delegation of 450 govt & industry people led by the Trade Minister, Mr Andrew Robb
 - 12 Streams visiting various parts of India
 - resources and energy, infrastructure, transport, agribusiness and food, financial services, health and medical, sport, cultural services, tourism, education and training
 - Dairy Stream visits
 - Delhi, Punjab, Haryana, Chandigarh and Gujarat
- + a visit to ITC India, Bangalore

Indian Dairy Industry

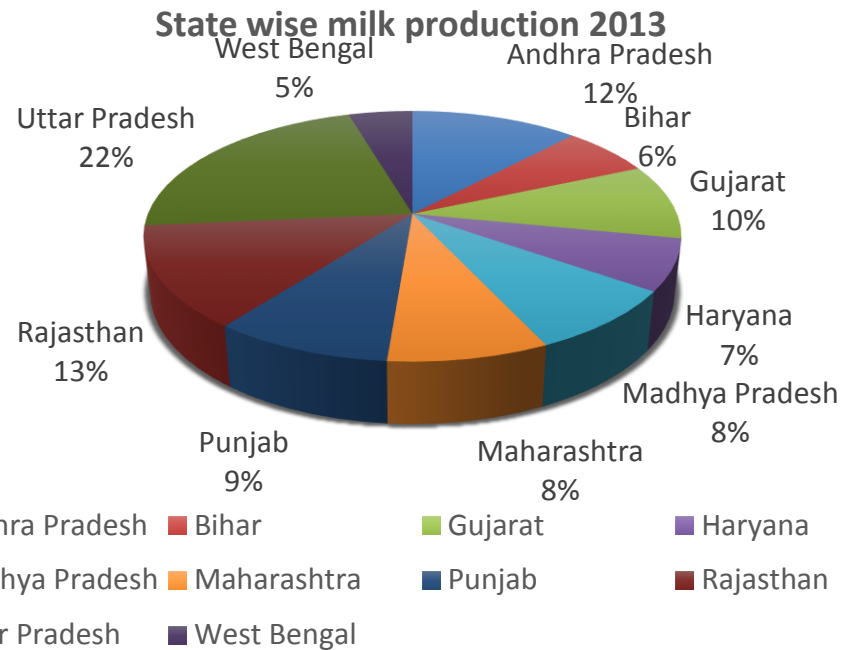
Dairy industry comparison

Table: Comparison of Indian and Australian dairy industries, 2014

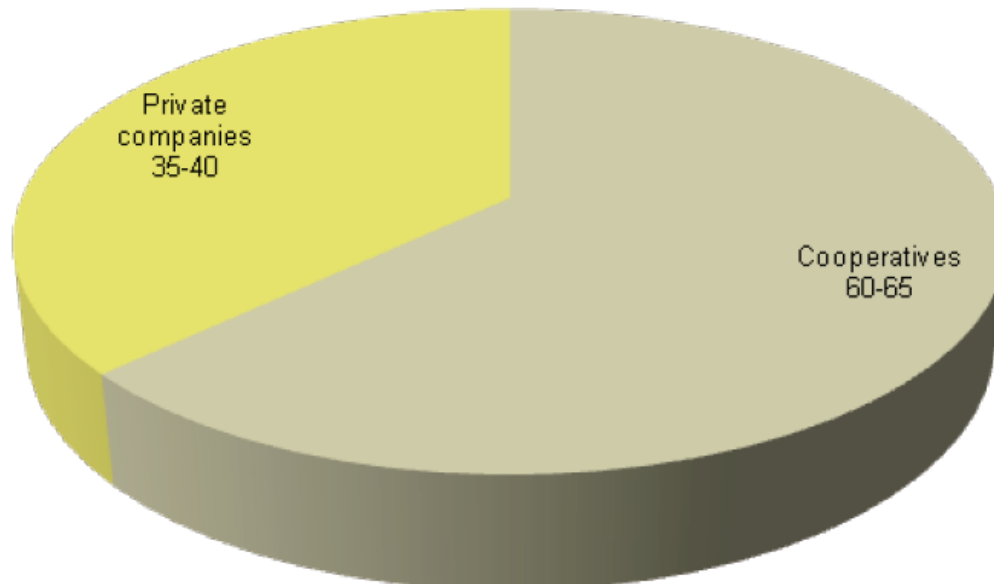
	India	Australia
Milk production, billion litres	132.4	9.2
Cattle population, million	120 (buffaloes – 55%, cows – 45%)	1.6
Average herd size	2-3	258
Average milk production per cattle/year, litres	1284	5525
Domestic milk consumption, %	98	65
Share of world trade	0.3	8%
Farm gate value, US\$ billion	50	4
Direct dairy employment	27 million	43,000
Per capita milk consumption, kg	45	110
Butter, Kg	3.8	3.8
Cheese, Kg	<0.1	10

State wise milk production 2012-13

Total – 132.4 billion litres

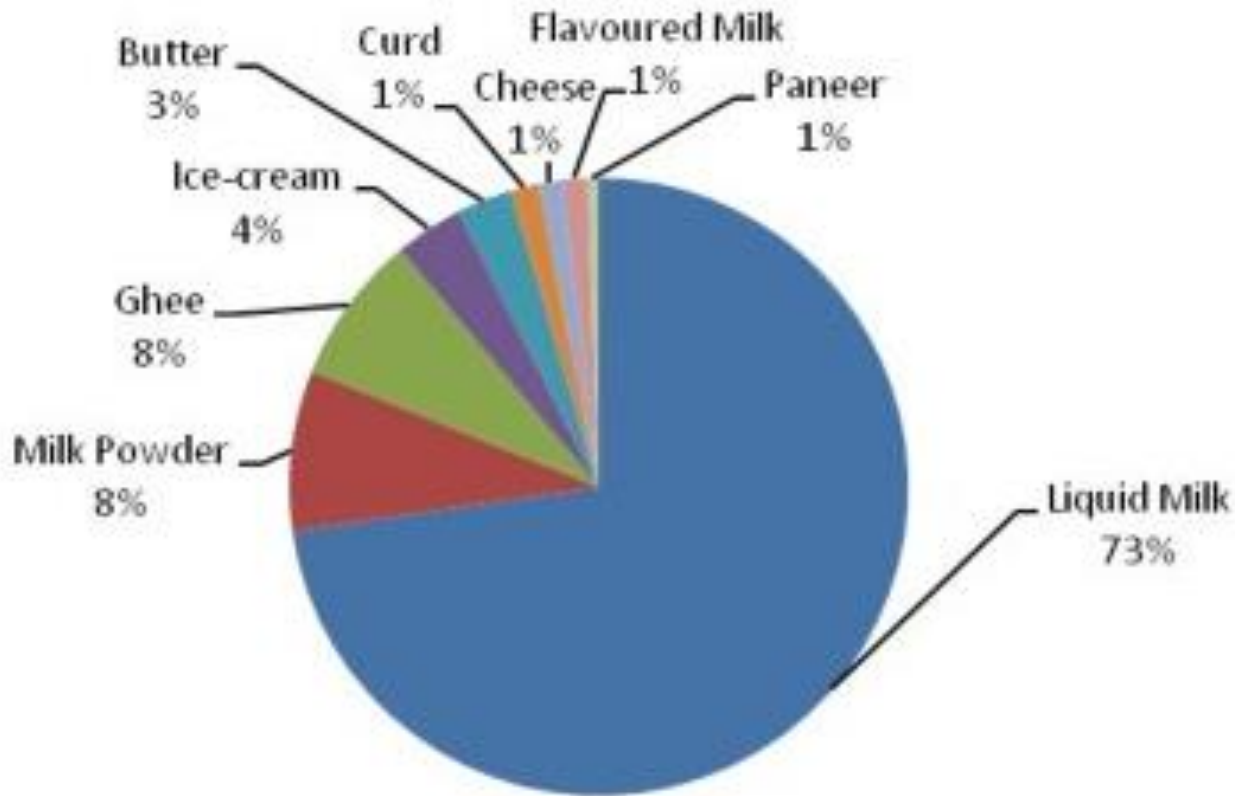


Milk share - India

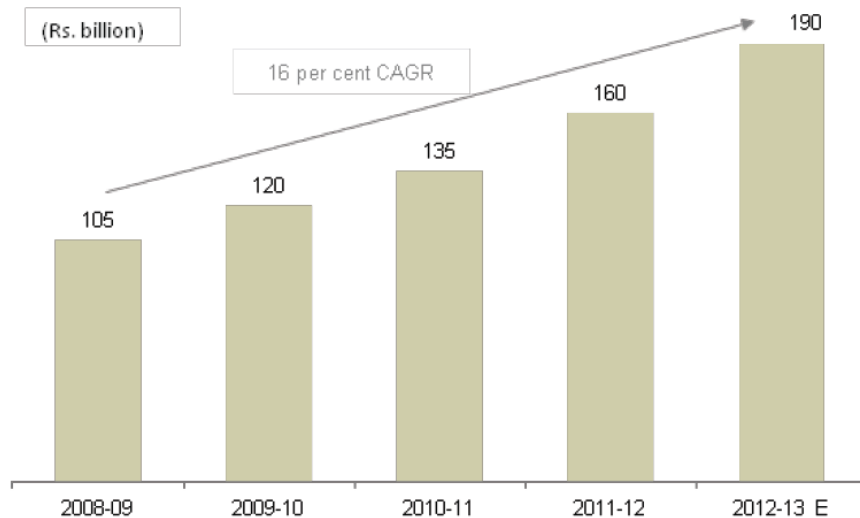


Dairy products in India

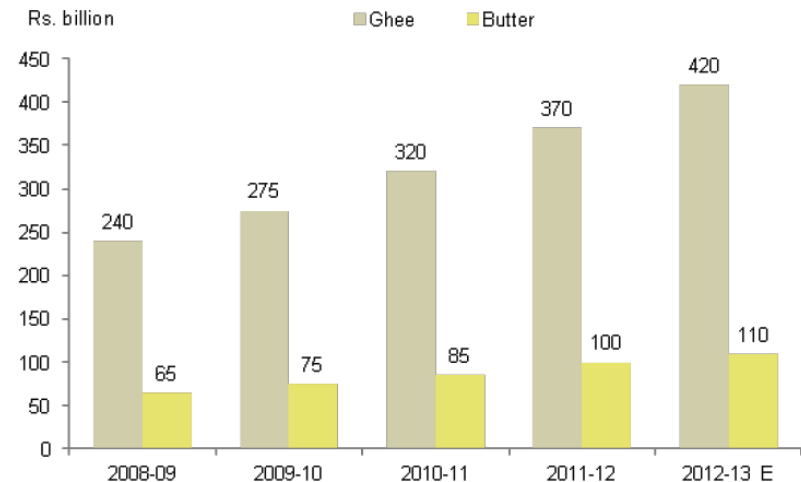
Market share of milk and milk products in FY13 in terms of total sales value



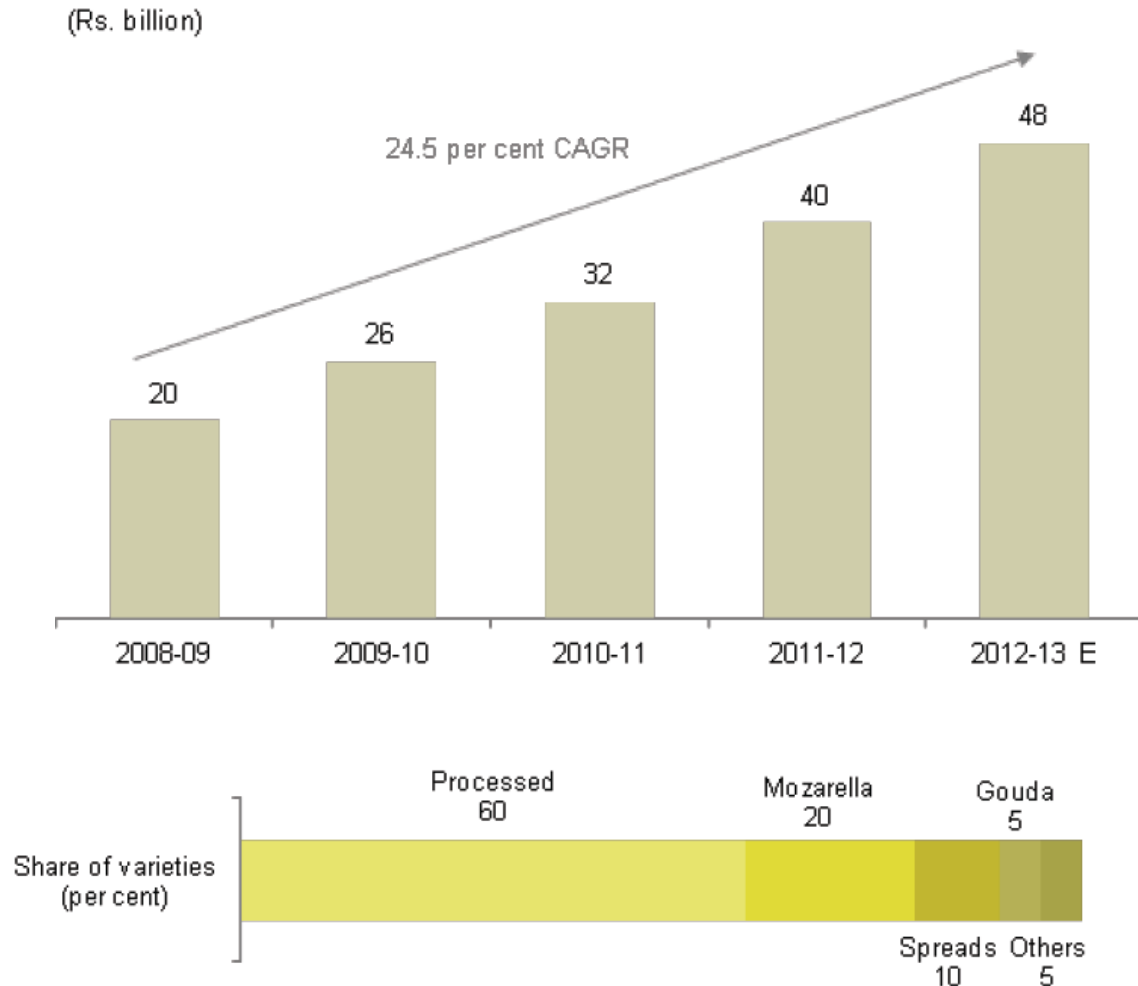
Curd (dahi/yogurt) – mostly unbranded, branded growing



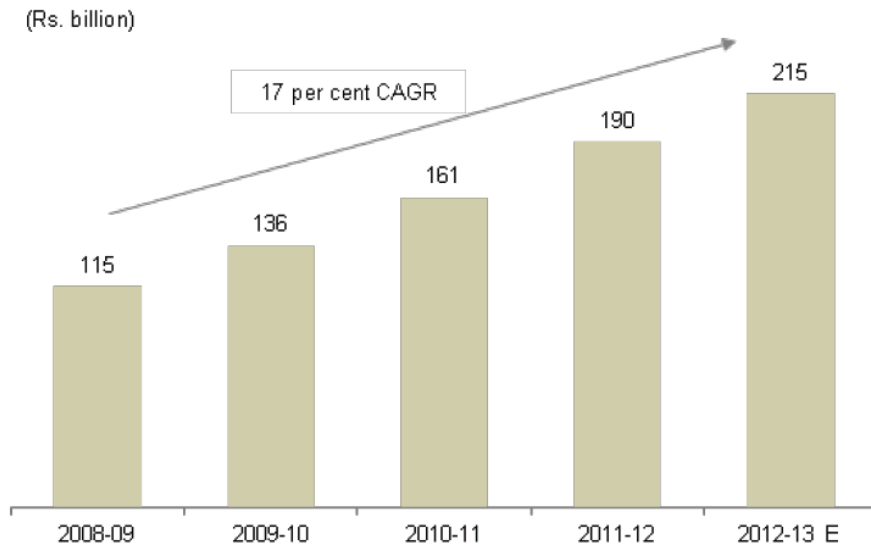
Ghee and Butter market



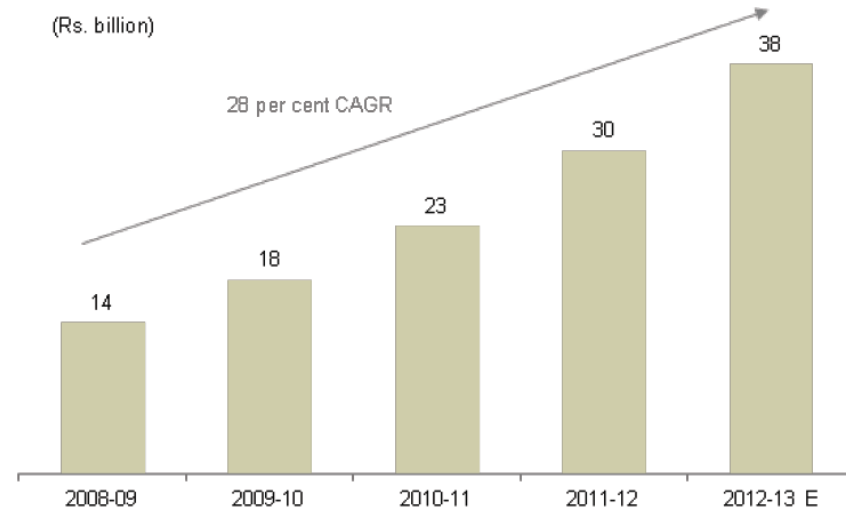
Cheese market – very small volume - high growth – mostly branded



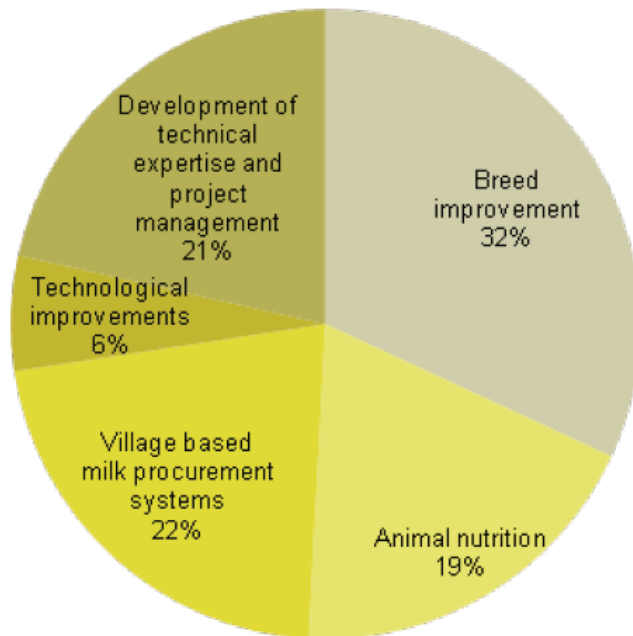
Paneer – 95% unbranded



Ice cream



National Dairy Plan – Phase 1 priorities



US\$ 416 million

Indian Dairy Industry

- Large, growing population – to overtake China by 2020
- Healthy economic growth – 7-8%
- Rapid Urbanization: At present about 28.40% of India's population live in urban area and is expected to touch 40.76% by 2030
- Average income of Indians is growing rapidly
- The fast changing food habits = Increased use of fast foods, modified and instant foods and branded foods
- Health food is a growing trend in India – dairy products considered healthy
- Value added milk products through entry of global players with local tie ups
- Improvement in supply chain infrastructure
- Live bull imports banned – need changes in regulation – minimum requirement: animals producing over 7000 Lt/year
- Semen imported from Canada only
- Most interactions with European dairy - Little interactions with Australian dairy industry and little emphasis in Australia on Indian market
- Barriers for Australian exports – tariff 15-30%

AusTrade Dairy Visits

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13 Jan – O'Leche Dairy farm



- 30 Acres; Herd of 115 – 80 milking; 25 staff
- Grow own fodder and employ a veterinarian
- Cross-breed – Holstein-Friesian and Sahiwal
- Milk yield – 5-25L per animal per day
- 3 hand-held milking machines
- Small pasteurisation plant, no homogenisation and 1L pouch packing machine – 1000L day
- Direct home delivery in Delhi areas
- Received 50% premium price - Demand high and waiting list
- Cow dung used for methane gas and power generation



14 Jan – Satluj Dairy farm



- Large progressive dairy farm
- 92 acres of own land and 250 acres of contracted land
- Cross breed from Danish bulls imported between 1997-2007 by NDDB – gradually purified by HF semen from US&Canada – nearly 100% pure HF
- 169 milking cows and 31 pregnant cows (plus another farm)
- Milk yield 25-35L per cow/day
- Get 4 lactation per animal – animals sold not slaughtered
- Milking plant is from GEA and De Laval. 3 times milking with 4000 L average per day – chilled in a chiller tank
- Owner is President of Farmers Union – No technical training, 6000 farmers meeting once a month
- Product made at different plant - pasteurised milk, flavoured milk, curd, ghee and paneer

15 Jan – Meeting with Punjab and Haryana Govt officials



- **Haryana State**
- Murrah buffalo - 84% of milk; cows - 14.2% and goats - 1%
- Murrah considered most suitable for hot weather – 9% fat milk
- 2nd Highest per capita availability of dairy
- 29 private dairies – 3.2 million/day milk
- 5 co-op – 0.73 mill L milk
- Challenge – how to increase milk yield
- **Punjab State**
- 8% of State GDP; extreme hot and cold weather
- 2.4 mill cattle – 5.2 mill buffaloes; poor quality milk - raw milk bacterial count in millions
- 8.2 mill L organised sector; 1.7 mill L co-op and 6.5 mill L private
- Seeking direct investment in dairy and knowledge of dairy farming
- **Seeking expertise in other dairy products such as Mozzarella cheese**

16 Jan – National Dairy Development Board



- Apex co-operative body controlling mega brand AMUL
- Well funded for dairy R&D
- Controls World Bank loan National Dairy Plan of \$350 million for expansion for dairy between 2011-17
- **Expertise sought**
- Dairy technology and Product development expertise
- Innovation expertise for food products in developing and mature markets
- Expertise in raw milk and finished product quality and food safety
- Useful for DIAL to have links established with NDDB

16 Jan – Dudhsagar Dairy, Gujarat



- Co-operative dairy manufactures a number of products - Pasteurised pouches, uHT pouches, ghee, milk powders, dairy whitener, infant milk food, dahi, masti dahi, ice cream
- Also runs a dairy science and technology degree.

Dairy products in a supermarket



Buttermilk – ginger, curry leaves and cumin



Ghee



Cheese and butter



Flavoured milk and lassi



Shrikhand and paneer



Khova, cheese, butter



Lessons from the visit

- Large dairy industry wanting to grow
- Largely poorly organised with poor infrastructure, breed and quality of milk.
- Strong desire to improve animal breeds and on-farm practices
- Limited range of dairy products
- Potential opportunities with NDDDB, Punjab Dairy Board and ITC