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India's National Dairy Plan

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Report Highlights:

The National Dairy Development Board has created a "National Dairy Plan" (NDP) in order to increase Indian milk production by 6 million tons annually over the next 15 years. The first phase of the plan, NDP 1, has a financial outlay of 416 million dollars (more than 20 billion rupees) and will have an implementation period of 6 years. NDP 1 will increase dairy production through improved breeding and feeding practices as well as improved extension and management services. It will also emphasize expansion of India's dairy cooperatives, with development of a formal, organized dairy economy/sector as a top priority.

General Information:

Introduction:

The National Dairy Development Board (NDDB), in partnership with the Government of India and the World Bank, has created a “National Dairy Plan” (NDP) in order to increase Indian milk production by 6 million tons annually over the next 15 years. This plan was created in response to growing consumer demand for dairy products as well as sustained food inflation. The plan has been approved by the Government of India’s Cabinet Committee on Economic Affairs as part of India’s twelfth Five Year Plan (April 2012 – April 2017). The total budget for the NDP is projected to reach 3 billion U.S. dollars. The first phase of the plan, NDP 1, has a financial outlay of 416 million dollars (more than 20 billion rupees) and will have an implementation period of 6 years. While the NDP will be managed by NDDB, most activities will be carried out by end implementing agencies (EIAs), who will be approved by NDDB. EIAs may include:

- State Cooperative Dairy Federations
- District Cooperative Milk Producers Unions
- State Livestock Development Boards
- Registered Societies/Trusts and Non Government Organizations (NGO’s)
- Producer companies
- Subsidiaries of statutory bodies
- Indian Council for Agricultural Research(ICAR) and state institutes engaged in breeding and fodder development activities

NDP 1’s stated objectives are:

- To help increase the productivity of milk animals and thereby increase milk production to meet the rapidly growing demand for milk; and
- To help provide rural milk producers with greater access to the organized milk processing sector

In order to achieve these goals, NDP 1 will focus on three major areas. They are

- Increasing productivity through scientific breeding and feeding
- Promoting and strengthening village based milk procurement systems
- Project management and learning

NDP 1 will be introduced in April 2012 in Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal. These 14 states account for more than 90 percent of India’s total milk production, are home to more than 87 percent of India’s breedable cattle and buffalo, and have 98 percent of India’s fodder

resources.

Project Components of NDP 1:

Component A: Increasing productivity through scientific breeding and feeding

Upon completion of NDP 1, component A is expected to increase in per animal milk productivity, increase in the number of animals in milk, improve conception rates, reduce feeding costs, and reduce methane emissions. This will be achieved through the following activities:

Animal Breeding Improvement:

- a. **Production of High Genetic Merit (HGM) Bulls:** NDP 1 will produce 2500 HGM bulls in the country through Progeny Testing (PT) and Pedigree Selection (PS). The plan also proposes to run an indigenous breed development program. To meet initial demand, NDP 1 proposes to import exotic bulls (Holstein Frisian and Jersey), embryos and frozen semen doses.
- b. **Strengthening existing semen production stations:** NDP 1 will increase annual semen production from 65 million doses (current production) to 100 million high quality, disease-free doses.
- c. **Pilot artificial insemination (AI) doorstep services:** The plan will facilitate the delivery of AI services to farmers' doorsteps through 3,000 trained mobile AI technicians.

Animal Nutrition Improvement:

- a. **Ration balancing program:** The NDP 1 will target extension services at educating milk producers on ration balancing with the objective of improving milk production and optimizing economic returns.
- b. **Fodder development:** NDP 1 extension initiatives will also increase fodder yields by providing quality fodder seed to farmers, training farmers in silage making, and promoting the enrichment/densification of biomass for use in fodder deficit areas.
- c. **Computerized information systems for enhancing productivity:** NDP 1 will develop information systems in order to ensure feedback to both managers and producers while implementing the various programs.

Component B: Promoting and strengthening village based procurement systems

Upon completion of NDP 1, component B is expected to increase the number of active producer members in cooperative societies/producer companies, increase the share of milk sold to the organized milk processing sector, improve milk quality, sustainably increase milk procurement, and increase the village coverage for bulk milk collection. NDP 1 will achieve this goal by setting up producer companies in areas where cooperatives are not present or have low coverage. The plan's goal is to grow

the cooperative sector from handling 16 percent of India’s marketable milk supply to 20 percent by 2016/17.

Component C: Project management and learning

Component C is expected to facilitate effective monitoring and coordination of the project, including monitoring and evaluation of activities carried out by the EIAs. Component C will also facilitate timely preparation and implementation of annual plans, regular review and reporting of project progress and results, a comprehensive and functional project management information system, and learning that will support improvement and innovation. This will be achieved through the integration of information and communications technology (ICT) based information systems in NDP 1 activities including breeding, nutrition and milk procurement systems.

Financing:

The project cost for NDP 1 is estimated at 416 million dollars (more than 20 billion rupees). EIA contributions to the project are set at 14 percent of the total estimated outlay. 78 percent will be funded by the International Development Association of the World Bank, and the remaining eight percent by the Union Government. Of the total estimated expenses, 55 percent is allotted to component A on productivity enhancement, 24 percent is allotted to component B on Village based milk procurement systems and around six percent is allotted to component C on project management and learning.

Table 1. India: NDP 1 Projected Expenditures (April 2012-April 2017)

Component	Name of Component	Indian Rupees (billions)	Million Dollar Equivalents
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			1 USD=49 INR (as of Feb 14, 2012)
Component A	Productivity Enhancement	11.40	232
	Breeding	7.15	146
	Feeding	4.25	86
Component B	Village based milk procurement system	4.88	100
Component C	Project Management and Learning	1.32	27
	Subtotal (A+B+C): out of which	17.60	359
	• World Bank's IDA's contribution	15.84	323
	• Govt. of India's contribution	1.76	36
	EIA's contribution	2.81	57
	Total	20.41	416

Source: National Dairy Development Board and the World Bank