



Dairy section at Spar, Bangalore

More Power to Dairy

Fuelled by modern trade and changing consumer preferences, the dairy category in India has evolved into a dynamic space where an onslaught of brands, private players and new categories are leading growth and innovation

By Annie Johnny

The current size of India's dairy market is around 21 million metric tonnes and it is growing at 4 percent CAGR (thrice that of the global average), and is estimated to reach Rs 5 lakh crore by 2015. The country is also the largest producer of dairy products by volume, constituting 15 percent of the world's and 40 percent of Asia's output. Liquid milk production touched 116 million metric tonnes in 2010 -11 up from 17 million in 1951.

While 'Operation Flood' spurred growth by increasing India's milk production and making the distribution system more efficient, the entry of private players, modernisation of retail outlets, value additions, and expansions in the dairy products are giving a fresh impetus to the dairy segment.

Observes Devendra Shah, Chairman and Managing Director of Gowardhan, "Although the organised dairy market is growing by 20 percent, I feel there is no significant impact of modern retail on dairy category. Only new products like yoghurt and cheese growth can be attributed to modern retail. This is primarily because of the easy availability of such products for trial and visibility".

Says Anil Jindal, Chairman, SRS Value Bazaar, "Dairy has recorded a steady growth through the years. Key triggers include rising consumer affluence, experimentation with food and increased consumption of non-traditional foods such as shakes, smoothies, probiotics, etc, more confidence in packaged products given their ease of use, availability of value-added and a diverse range of products. We

have definitely read this demand well in time and managed our space and inventory levels accordingly."

Packaged milk

The need for hygiene and convenience is changing consumer preference for packaged milk from loose liquid milk provided by the milkman. According to Dr R S Khanna, Director of Kwaliti Dairy, under the pasteurised milk pouches segment, full cream milk is growing at 55 percent, and is more strong in north India, especially Delhi, while toned milk is growing more in the southern market at a rate of 45-50 percent. This variation is because of preference for cow milk over buffalo in the south.

Although pouched milk still dominates the Indian market compared to the tetra-packed