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(As on 31 March 2010)

**Amrita Patel** Chairman

**Dilip Rath**

Joint Secretary

(Administration & Dairy Development)

Department of Animal Husbandry, Dairying & Fisheries

Ministry of Agriculture Government of India

**S Parthasarathy**

Expert

**P T Gopalakurup**

Chairman

Kerala Cooperative Milk Marketing Federation Ltd

Thiruvananthapuram

**Deepak Tikku** Managing Director

**N V Belavadi** Senior General Manager

**Ravi Shankar** Senior General Manager

The NDDB Act 1987 provides for the constitution of Management Committees for NDDB managed and subsidiary Units.

The Management Committees function under the general control, and superintendence of the Board and for such duration and in such manner as the Board directs.

(As on 31 March 2010)

**Sabarmati Ashram Gaushala, Bidaj**

**Amrita Patel** Chairman

**Deepak Tikku** Vice-Chairman

**K R Trivedi**

**G K Sharma** Members

**P N Ganju**

**C P Devanand** Member-Convenor

**Jalgaon Jilha Sahakari Dudh Utpadak Sangh Maryadit, Jalgaon**

**N V Belavadi** Chairman

**N K Ramachandran** Members

**Anil Hatekar**

**Vinayakrao D Patil**

**S N Patil**

**Geeta S Chaudhari** Co-opted Members

**R C Patil**

**A A Barhate**

**R S Lahane** Member-Convenor

## India's Milk Production

India continued to be the world's largest producer of milk. With an anticipated milk production of 112 million tonnes in 2009-10, the country's share in world milk production was nearly 16 per cent.

### The domestic dairy scene

India's milk production in 2009-10 was anticipated at 112 million tonnes. During the year, dairy cooperatives procured about 9.4 million tonnes of milk, a growth of only 2.8 per cent over the previous year. Dairy cooperatives marketed about 7.9 million tonnes of liquid milk, an annual increase of 5.3 per cent. On an aggregate, the cooperatives procured about 16 per cent of the national marketable surplus covering around 21 per cent of the country's villages and 18 per cent of the rural milk producing households.

While there was an increase in milk production, its growth rate witnessed a slowdown as the rains from the south-west monsoon were deficient by 23 per cent of the long period average. This was felt particularly in the northern states, which account for about 44 per cent of the country's milk production, where the reported deficiency was about 36 per cent. Of the country's 627

districts, 352 were officially declared drought affected.

The drought impacted production of major crops and the availability of feed and fodder, which are crucial inputs for milk production, and their prices increased significantly. There were also reports that milk producers in some areas were finding it more profitable to discontinue milk production and sell milch animals for meat.

The demand for milk continued to surge. India's urban population is projected to cross 500 million by 2025, signalling an increase in the demand for milk and milk products. The latest available consumer expenditure survey data released by the National Sample Survey Organisation showed that the share of expenditure on milk and milk products, as a proportion of total expenditure on food, was 15.4 per cent and 18.6 per cent in rural and urban households respectively.

In recent years, India's annual exports of major milk products such as milk powders, milk fat products and



More than 14 million milk producers across the country are part of the dairy cooperative movement.

casein have been substantial. Exports were about 76,000 tonnes in 2008-09. Even in a severe drought year like 2009-10, preliminary estimates indicate that India exported about 45,000 tonnes of major milk products.

A rapidly growing domestic demand for milk, a slowdown in the growth rate of milk production, increasing cost of feed and fodder and significant export of milk products were amongst the major factors that collectively caused a steep increase in domestic milk prices. The price increase in milk is amongst the highest in the food sector.

During the year, the Department of Animal Husbandry, Dairying and Fisheries (DAH,D&F), Government of India, held a series of meetings with state cooperative dairy federations and NDDB. At the meeting held in February 2010, most of the federations indicated that their procurement of milk had not increased in proportion to the increase in sale and most of the milk federations and other dairies indicated that they require SMP and milk fat and requested that arrangements for supply of the same be made by April 2010.

Therefore, considering the overall milk situation in the country and to ensure that there was no disruption in the availability of liquid milk to the general public in the summer months, the Central Government decided in February 2010 that NDDB should import dairy commodities based on the requirements given by the cooperative dairy federations and other dairies.

### **The international dairy scene**

World milk production was 699.5 million tonnes in 2009, registering an annual growth of 0.74 per cent – the lowest in the last decade. International prices of major dairy commodities witnessed volatility during the year. SMP prices ranged from a low of USD 1,975 tonne to a high of USD 3,375 tonne and white butter prices from USD 1,800 tonne to USD 4,100 tonne.



*Dairying is a source of livelihood for millions of rural producers.*

### **The National Dairy Plan**

The National Dairy Plan aims to increase milk productivity and through that enhance incomes of rural milk producers by providing them access to the organised milk sector. Milk production is proposed to be enhanced by increasing productivity through a more scientific approach to breeding and feeding, i.e. by production of bulls of higher genetic merit and quality semen and AI delivery at the doorstep of milk producers, and promoting the feeding of a balanced ration.

The National Dairy Plan is proposed to be implemented by NDDB in phases as a focussed multi-state initiative.

During the year, a World Bank team comprising economists, specialists and consultants held a series of discussions with NDDB and the DAH, D&F, Government of India, and also visited three states. Based on these meetings, the World Bank conveyed that it had finalised a Project Concept Note (PCN) and obtained concurrence to prepare a Detailed Project Report (DPR) along with NDDB for the National Dairy Plan.

Implementation of the Plan is envisaged through existing dairy cooperatives, with suitable strengthening to improve their functioning wherever required, and also through new producer-centric institutional structures. The Plan envisages policy and regulatory

initiatives, both by the centre and the states, in areas relating to breeding, nutrition and minor veterinary care.

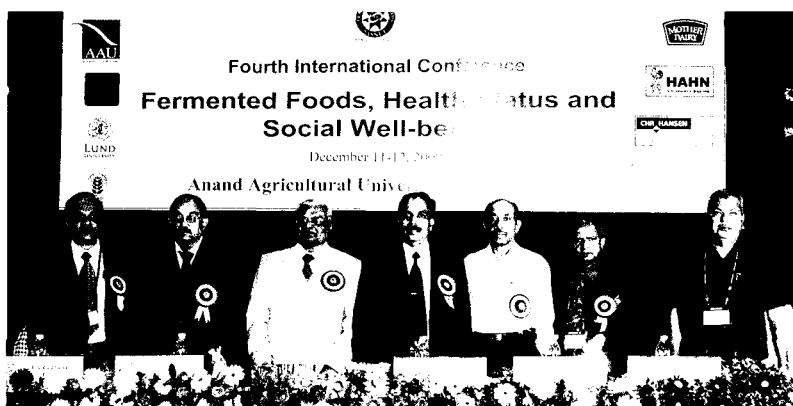
The DAH, D&F, Government of India and NDDB will hold meetings with the states regarding participation in the National Dairy Plan and discuss the various modalities that will enable preparation of the Detailed Project Report for the first phase.

### International Conference on Fermented Foods, Health Status and Social Well-being

The Fourth International Conference on 'Fermented Foods, Health Status and Social Well-being' was held at Anand in December 2009. Swedish South Asian Network on Fermented Foods, along with the Anand Agricultural University, Anand, Lund University, Sweden and NDDB co-organised this conference. NDDB presented a paper titled 'Fermented Dairy Products - Present Perception and Future Perspective'. NDDB also presented research findings on 'Storage related changes in probiotic milk drink packed in High Density Polyethylene (HDPE) bottles'.

### Reduction in interest rates of project loans

During 2009-10, in tandem with a general reduction in market rates, NDDB reduced its lending rate on term



International Conference on Fermented Foods, Health Status and Social Well-being.

loans to dairy cooperatives and its subsidiaries for capital items and equipment of capital nature (other than that used at village level) from 8.5 per cent to 8.0 per cent per annum with effect from 1 July 2009. The interest rate for capital items and equipment of capital nature used at village level remained unchanged at 7.0 per cent per annum. The interest rate for providing working capital loans (for conversion of surplus milk during the flush season to skimmed milk powder/white butter for use in the lean season or for their purchase for recombination) remained unchanged at 8.0 per cent per annum.

### Technical support to the Government of India

NDDB continued to provide technical inputs to the Government of India on important issues, which are under consideration by the Codex Alimentarius

Commission, and nominated experts to strengthen Indian delegations to relevant Codex Committees.

NDDB provided assistance to the Government of India in its negotiations with several countries on issues related to trade in dairy products (Malaysia and USA) and bilateral cooperation in the area of dairying (Bhutan, Brazil and Jamaica). It also provided suggestions to the Government on WTO-Technical Barriers to Trade (TBT) notifications of some countries (Bahrain, Oman, Pakistan, Qatar,



Educating women milk producers in hygienic milk handling.





Shri Sharad Pawar addressing the conference of State Ministers.

The DAH,D&F, Government of India, organised a two-day conference of State Ministers of Animal Husbandry and Dairying in January 2010 on 'Increasing bovine productivity to meet the rapidly growing demand for milk', under the chairmanship of the Union Agriculture Minister, Shri Sharad Pawar. Key issues requiring immediate attention for achieving increased productivity in bovines were deliberated. Participants included representatives from 24 states/union territories, officials of the Department of Agriculture and Cooperation, Department of Agricultural Research and Extension, Indian Council of Agricultural Research, Planning Commission, NGOs and NDDB. NDDB assisted the DAH,D&F in its presentation in the technical session.

Saudi Arabia and USA), and on the proposed ratification of International Labour Organization's convention concerning labour administration and inspection of agricultural undertakings engaged in, among others, animal husbandry and livestock production.

NDDB worked closely with the Food Safety and Standards Authority of India on regulatory matters pertaining to milk and milk products and provided assistance to the Authority in conducting quality audits of dairy processing units.

#### **NDDB-FAO South Asia Pro-Poor Livestock Policy Programme**

The South Asia Pro-Poor Livestock Policy Programme (SAPPLP), a joint initiative of NDDB

and FAO, commenced in 2006 to facilitate and contribute to the development of pro-poor livestock policy and programme implementation. Major activities include the identification, documentation and dissemination of good practices related to the development of common lands, its management and sustainable use; small holder poultry rearing and the rearing of small ruminants. The programme partners are BAIF Development Research Foundation in India, BRAC in Bangladesh and Department of Livestock Services in Bhutan. Since its commencement, SAPPLP has focused on identification and documentation of a range of good practices and approaches that are important for the livelihood, food and nutrition security of poor households.

## Strengthening Cooperative Business

In a market driven economy small holders need to be supported in setting up institutional structures that follow cooperative principles.

NDDB continued its efforts to strengthen dairy cooperatives through education and training. Programmes for union board members were aimed at enabling them to prepare, implement, monitor and evaluate long term business plans. Union field staff were trained to improve their extension skills to become effective facilitators. The orientation programmes for village milk producers covered exposure to the latest technologies and practices in dairying.

In 2009-10, the cooperative milk unions together procured 25.8 million kilograms of milk compared to 25.1 million kilograms in the previous year, registering a growth of about 3 per cent. Cooperatives marketed 21.1 million litres liquid milk per day against 20.1 million litres per day in the previous year, showing a growth of about 5 per cent.

### New Generation Cooperative initiatives

NDDB continued to promote Milk Producer Institutions (MPIs) in areas where cooperatives have little or no presence. By the end of March 2010, about 1,72,000 producers were organised into 8,800 MPIs in nine states: Andhra Pradesh, Bihar, Gujarat, Haryana, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. Collectively, they procured an average of 7,85,000 kg of milk per day with a peak procurement of 12,31,000 kg per day during 2009-10. The practices adopted in milk collection, testing and direct payment have generally been well received by the milk producers. A user-friendly payment solution in collaboration with commercial banks was implemented in five locations covering 11 districts, involving about 42,000 pourers. Under the system, each milk producer has been provided with a smart card which enables biometric identification and contains the demographic details of the producer. This ensures security of the payment system and also payment to the individual producer at his or her doorstep. In addition to ensuring a transparent and secured method of payment for milk supplied, the bank has started providing loans to producers both for consumption purposes as well as for purchase of milch animals. This technology-based and user-friendly payment system is expected to be rolled out in many more milk sheds.

Technical input services were also provided to its members. The Ration Balancing Programme (RBP) was

Payment for milk at the farmers' doorstep.

