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Milk Production and Utilisation Patterns in Disadvantaged Areas: A Study of Eastern India

DHIRAJ KUMAR SINGH¹, NILS TEUFEL²

¹*International Livestock Research Institute (ILRI), India*

²*International Livestock Research Institute (ILRI), Kenya*

Abstract

The dairy sub-sector occupies an important place in the agricultural economy of India. Milk production has grown so strongly that it now contributes more to the national economy than any other farm commodity. In Bihar, a populous but poor state in the eastern part of the country, milk production is reported to have increased from 2.5 million tonnes in 2000-01 to 6.5 million tonnes in 2010-11. However, milk productivity in the state is still very low. Organized marketing of milk in Bihar remains relatively insignificant, despite efforts in the past to develop and promote collective market mechanisms. The dairy cooperatives are only procuring about eight per cent of the marketable surplus milk (Government of Bihar, 2008). For smallholder producers in remote areas, there are hardly any alternative market options besides the traditional informal traders and shopkeepers.

In this context, the present study was carried out in Bihar to better understand production and utilisation of milk among different types of farmers in three categories of market access. Primary data were collected from three districts categorised by dairy market quality into high (Samastipur), medium (Katihar) and low (Nawada). Results highlight the differences in milk production and utilisation between districts. Unsurprisingly, producers sell more milk where market access and infrastructure are better, underlining the important role markets have in the development of the dairy sector. Average daily milk production per farm in Samastipur, Katihar and Nawada is 5.6, 2.3 and 2.4 litre, respectively, while daily milk yields are 4.5, 1.6 and 2.3 litre. Producers sell about 65% of their milk in Samastipur, where the market is dominated by formal dairies and cooperatives, while in Katihar about 43% of milk is sold. Here the market is dominated by informal milk traders. Finally, only 16% of milk is sold in Nawada as there are no formal traders nor do farmers have good access to informal milk traders. Therefore, these farmers are only selling their milk to household consumers or nearby shops.

The contribution of revenue earned from milk sales to total income is highest in Samastipur (22%) followed by Katihar (8%) and Nawada (5%).

Keywords: Income, market access, milk production, utilisation, yield