

Industry Report On Indian Dairy Industry

September 8, 2025

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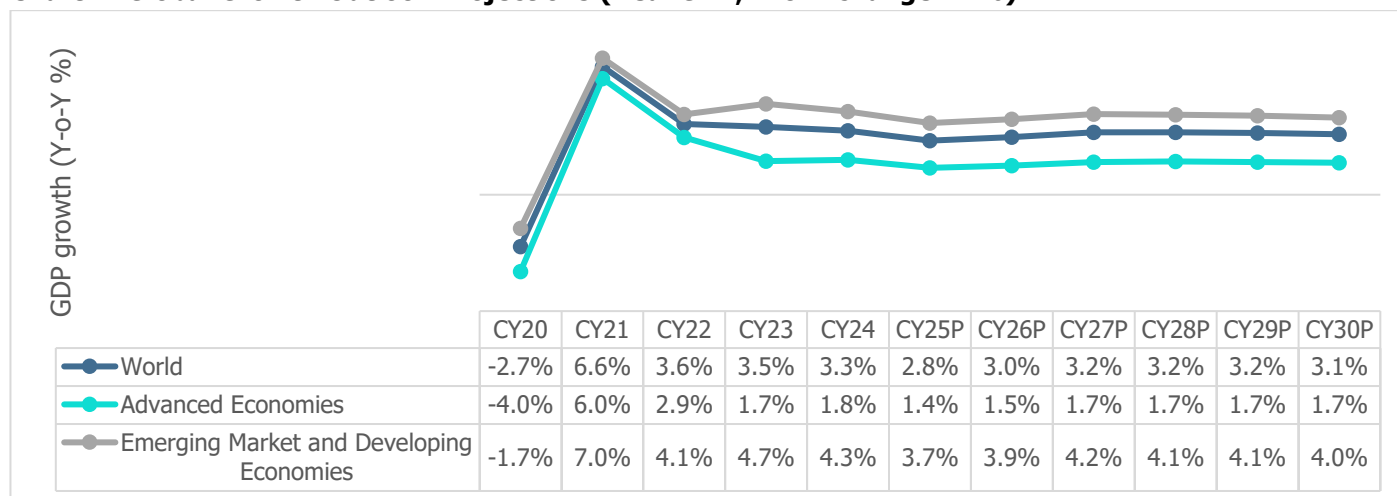
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1 Economic Outlook

1.1 Global Economy

Global growth, which reached 3.5% in CY23, stabilised at 3.3% for CY24 and is projected to decrease to 2.8% for CY25. Global trade is expected to be disrupted by new US tariffs and countermeasures from trading partners, leading to historically high tariff rates and negatively impacting economic growth projections. The global landscape is expected to change as countries rethink their priorities and policies in response to these new developments. Central banks' priority will be to adjust policies, while smart fiscal planning and reforms are key to handling debt and reducing global inequalities.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook, April 2025; Notes: P-Projection, E-Estimated

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)										
	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	-5.8	9.7	7.6	9.2	6.5	6.2	6.3	6.5	6.5	6.5	6.5
China	2.3	8.6	3.1	5.4	5.0	4.0	4.0	4.2	4.1	3.7	3.4
Indonesia	-2.1	3.7	5.3	5.0	5.0	4.7	4.7	4.9	5.0	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.3	3.0	3.7	3.6	3.2	3.2	3.3
Brazil	-3.3	4.8	3.0	3.2	3.4	2.0	2.0	2.2	2.3	2.4	2.5
Euro Area	-6.0	6.3	3.5	0.4	0.9	0.8	1.2	1.3	1.3	1.2	1.1
United States	-2.2	6.1	2.5	2.9	2.8	1.8	1.7	2.0	2.1	2.1	2.1

Source: IMF- World Economic Outlook Database (April 2025)

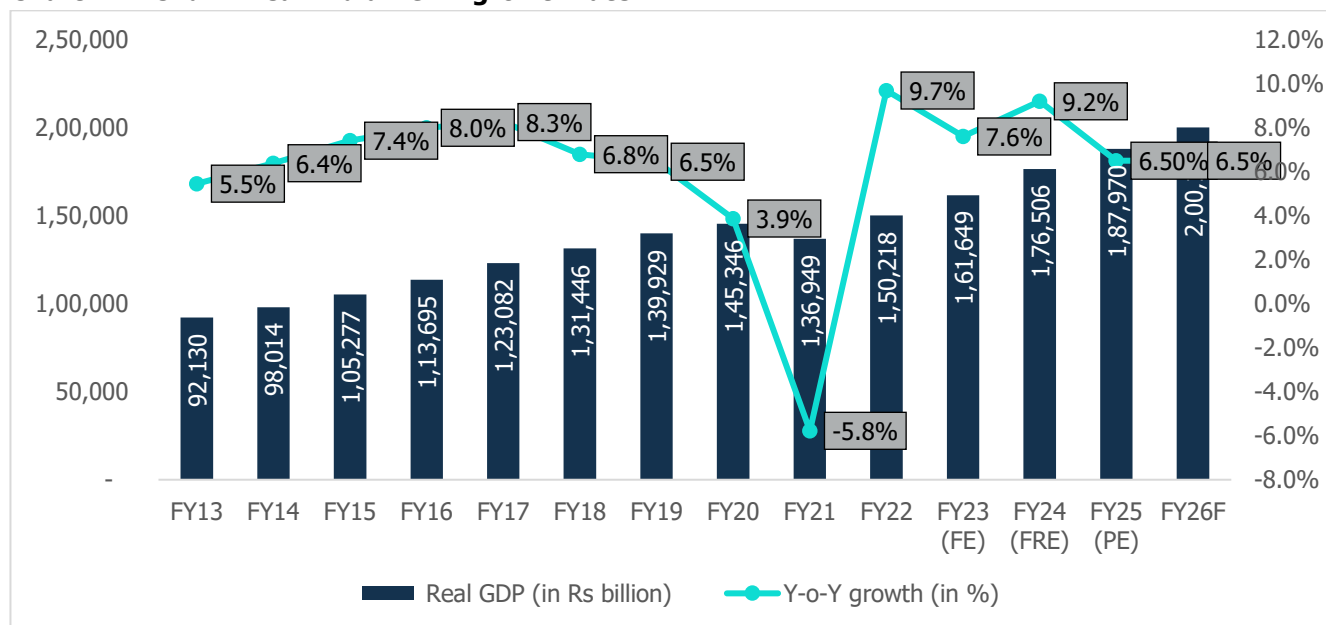
Note: P- Projections, E-Estimated; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

Chart 2: Trend in Real Indian GDP growth rate



Source: MOSPI, Reserve Bank of India;

Note: FE – Final Estimates, FRE- First Revised Estimates, PE – Provisional Estimates, F - Forecasted

India's real GDP grew by 9.2% in FY24 (Rs. 176,506 billion) which is the highest in the previous 12 years (excluding FY22, on account of end of pandemic) and as per provisional estimates, it grew at 6.5% in FY25 (Rs. 187,970 billion), driven by double digit growth particularly in the Manufacturing sector, Construction sector and Financial, Real Estate & Professional Services. This growth is also led by private consumption increasing by 7.6% and government spending increasing by 3.8% Y-o-Y. Real GDP growth is projected at 6.5% in FY26 as well, driven by strong rural demand, improving employment, and robust business activity.

GDP Growth Outlook (April 2025)

FY26 GDP Outlook: The RBI projects real GDP growth at 6.5% for 2025–26, driven by strong private consumption, steady investment, and resilient rural and urban demand. A favourable monsoon, robust services sector, and improving corporate balance sheets support this outlook.

However, risks from prolonged geopolitical tensions, global trade disruptions, and weather-related uncertainties remain. Taking these into account, the RBI has reaffirmed its growth projections.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

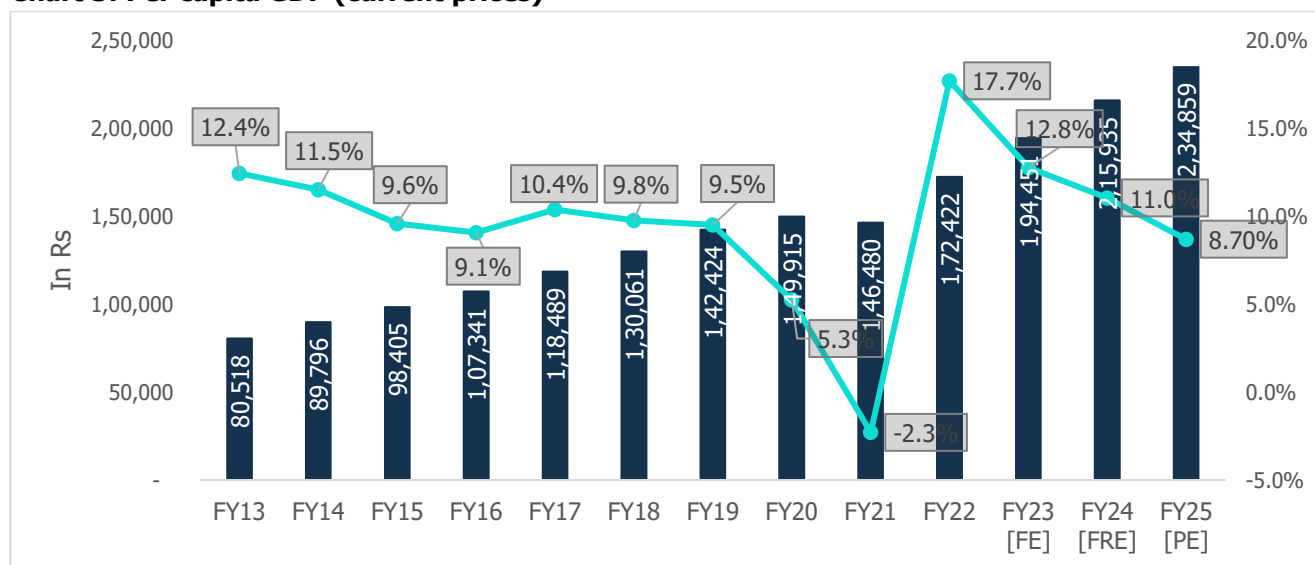
FY26P (complete year)	Q1FY26P	Q2FY26P	Q3FY26P	Q4FY26P
6.5%	6.5%	6.7%	6.6%	6.3%

Source: Reserve Bank of India; Note: P-Projected

1.2.2 India's GDP Per Capita

India's per capita GDP has shown a consistent upward trend over the past decade, reflecting steady economic growth. Rising per capita income, driven by robust economic development, enhances consumer confidence and discretionary spending, reflecting a higher standard of living and overall prosperity. From FY13 to FY25, the per capita GDP is expected to increase from Rs 80,518 to Rs 234,859, with an average growth rate of around 9.9% annually. Key drivers of this growth include structural reforms, digitalization, rising domestic consumption, and increased foreign investment. However, there was a slight dip in FY20, primarily due to the economic impact of the COVID-19 pandemic. Despite this, the country has rebounded with strong growth rates in subsequent years, supported by economic recovery and continued expansion in various sectors.

Chart 3: Per capita GDP (current prices)



Source:

MOSPI; Note: FE – Final Estimates, FRE- First Revised Estimates, PE- Provisional Estimates

1.2.3 Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side, whereas GDP represents consumption. India's recovery in FY25 was powered by a broad-based rebound across sectors. • The gap between GDP and GVA growth stood at 0.1 percentage point in FY25, with GDP growing at 6.5% and GVA at 6.4%, as per MoSPI's provisional estimates released in May 2025.

The agriculture and allied sector grew by 4.6% in FY25 (up from 2.7% in FY24), contributing 14.4% to real GVA, supported by a good monsoon, better crop output, and strong allied activities. The industrial sector grew by 5.9% in FY25, down from 9.5% in FY24, due to weaker manufacturing, with FY24 growth driven by strong manufacturing sales, construction (9.4%), utilities, and supportive policies. The services sector grew by 6.4% in FY25, down from 8.6% in FY24, supported by public administration (8.9%), financial services (7.2%), and trade and transport (5.8%), contributing Rs 94.4 trillion to the economy.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)
Agriculture, Forestry & Fishing	2.1	6.2	4.1	3.5	5.1	2.7	4.6

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)
Industry	5.3	-1.4	-0.9	11.6	2.0	10.8	5.9
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	2.8	3.2	2.7
Manufacturing	5.4	-3.0	2.9	11.1	-3.0	12.3	4.5
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	11.5	8.6	5.9
Construction	6.5	1.6	-5.7	14.8	10.0	10.4	9.4
Services	7.2	6.4	-8.2	8.8	11.3	9.0	7.2
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.4	7.5	6.1
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	10.7	10.3	7.2
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	8.2	8.8	8.9
GVA at Basic Price	5.8	3.9	-4.2	8.8	7.4	8.6	6.4

Source: MOSPI; Note: FRE – First Revised Estimates, FE- Final Estimates, PE – Provisional Estimates

1.2.4 Trends in Per capita State Domestic Product (SDP)

State Domestic Product is the total value of goods and services produced, during any financial year, within the geographical boundaries of a state. The top 10 best performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu.

As of FY24, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh, and Uttar Pradesh growing y-o-y by 7.20%, 6.94%, 4.83%, and 6.42% respectively. Bihar is the poorest performing state with a per capita SDP of Rs. 32,174. It has consistently been performing the poorest since FY18, growing merely at a CAGR of 3.14% from FY18 to FY24.

Table 4: Per Capita State Domestic Product (SDP) for Key States (at constant prices, in Rs.)

State \ UT	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Andhra Pradesh	1,03,177	1,08,853	1,10,587	1,10,971	1,21,762	1,26,690	1,35,806
Bihar	26,719	29,092	29,798	26,839	27,674	29,909	32,174
Gujarat	1,43,604	1,54,887	1,64,060	1,56,285	1,70,519	1,81,963	1,81,963
Karnataka	1,40,747	1,49,024	1,56,478	1,49,673	1,63,732	1,75,895	1,86,038
Madhya Pradesh	54,824	59,005	60,452	56,086	60,166	63,379	6,6441
Maharashtra	1,37,808	1,40,782	1,45,626	1,27,550	1,40,718	1,53,664	163,820
Rajasthan	73,529	73,975	76,840	73,447	79,507	84,935	90,831
Tamil Nadu	1,33,029	1,41,844	1,44,845	1,43,482	1,54,269	1,66,590	1,79,732
Uttar Pradesh	41,771	42,333	43,061	39,866	44,178	47,808	50,875

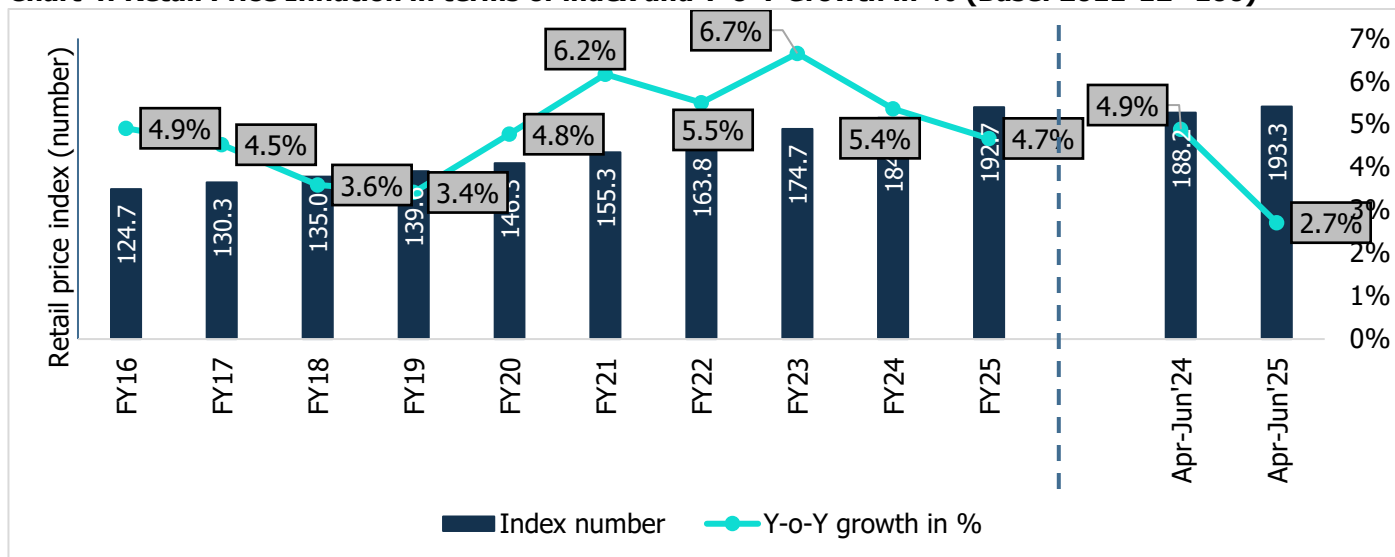
Delhi	2,52,960	2,57,597	2,60,559	2,28,162	2,44,024	2,58,941	2,73,687
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Source: MOSPI

1.2.5 Consumer Price Index

The Consumer Price Index (CPI) for the April–June 2025 quarter recorded a combined inflation rate of 2.1%, marking the lowest quarterly retail inflation in six years. The moderation was driven by continued declines in prices of pulses, vegetables, fruits, cereals & cereal products, meat and fish, sugar & confectionery, and spices.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

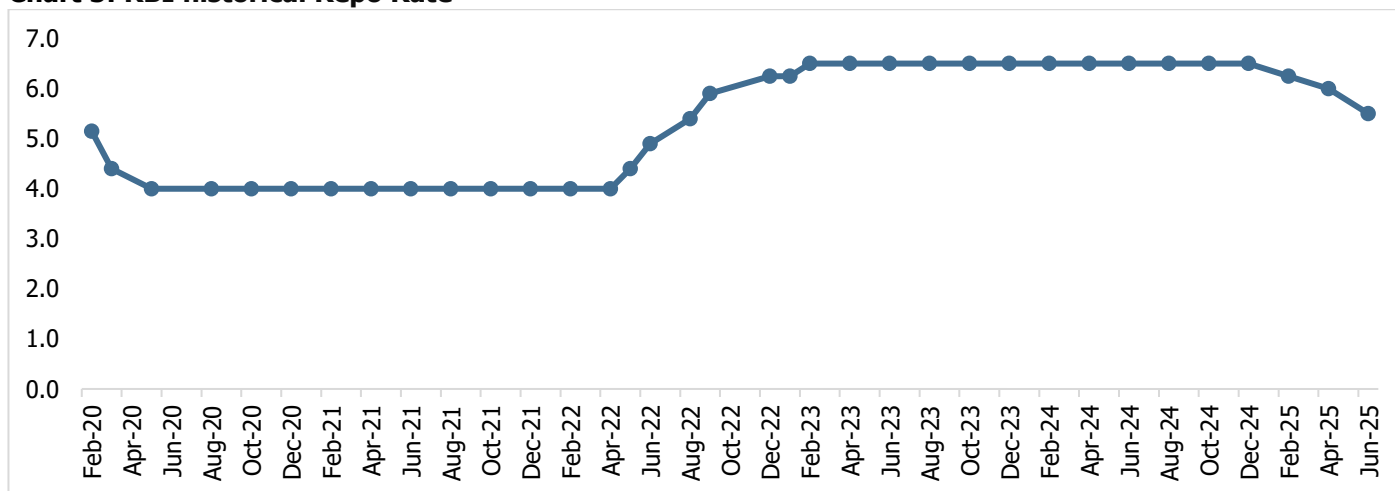


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in June 2025, RBI projected inflation at 3.7% for FY26 with inflation during Q1FY26 at 2.9%, Q2FY26 at 3.4% and Q3FY26 at 3.9% and Q4FY26 4.4%.

Considering the current inflation situation, RBI has cut the repo rate to 5.5% in the June 2025 meeting of the Monetary Policy Committee.

Chart 5: RBI historical Repo Rate



Source: RBI

Further, the central bank shifted its policy stance from 'accommodative' to 'neutral'. With a decline in food inflation, the headline inflation moderated to a six-year low to 3.2% in April 2025.

The economic growth outlook for India is expected to maintain momentum, supported by private consumption and continued growth in fixed capital formation. The uncertainty regarding the global outlook has reduced given the temporary tariff stay and optimism with trade negotiations. However, global growth and trade has been revised downward due to weakened sentiments and lower growth prospects.

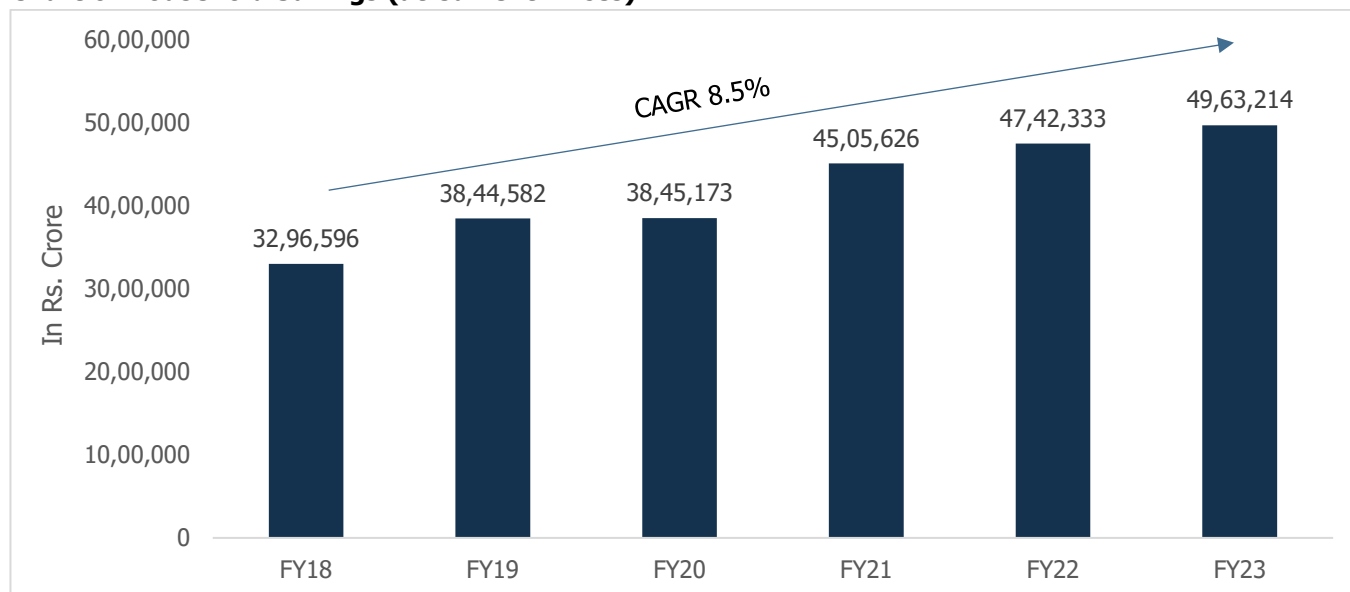
The RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. The domestic growth and inflation curve require the policies to be supportive with the volatile trade conditions.

1.2.6 Trends in Household and Gross Savings

Household savings in India have grown steadily at a CAGR of 8.5% since FY18, with a slight dip in FY20 due to the pandemic. In FY23, total household savings reached Rs. 49,63,214 crore, growing by 4.7% year-on-year. Significant contributors to this growth include savings in physical assets (real estate, etc.), which increased by 17.4%, and gold and silver ornaments, which grew by 39%. The shift towards physical assets is driven by slow appreciation in monetary assets in a high-inflation environment.

This increase in savings has been supported by higher borrowing, particularly in housing, auto, and personal loans, leading to a 73.2% rise in financial liabilities to Rs. 15,57,190 crore. Additionally, growth in savings in mutual funds (11.5%) and life insurance funds (13.6%) indicates a shift towards newer financial instruments, with increased participation in equity and capital markets for higher returns.

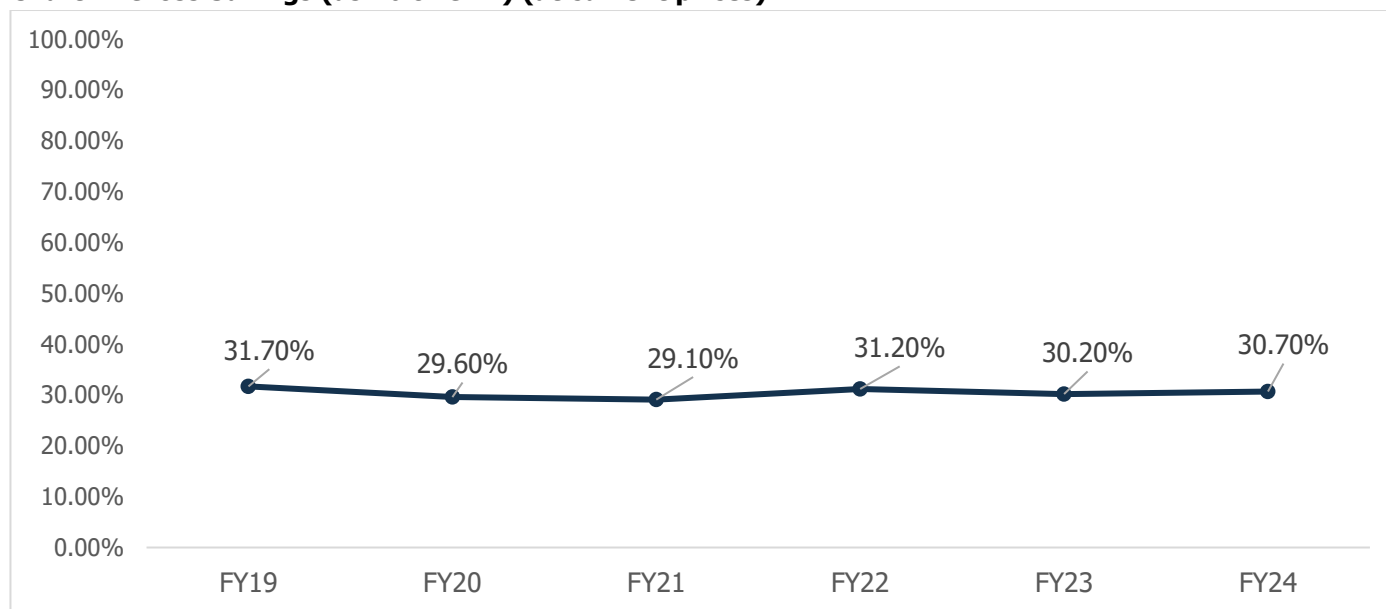
Chart 6: Household Savings (at Current Prices)



Source: MOSPI

Gross Savings as percentage of GDP, has seen a flat growth moving within a narrow range. Within the last five years, it was highest in FY19 at 31.7%. It declined to less than 30% during FY20 and FY21 on account of pandemic increasing again to 31.2% in FY22 before declining to 30.2% in FY23. The trend picked up marginally in FY24 to 30.70%.

As of FY23, Savings were Rs. 92,59,186 crores indicating a y-o-y growth of 13.6% while GDP was at Rs. 3,01,22,956 crore showing a growth of 12.0%.

Chart 7: Gross Savings (as % of GDP) (at current prices)

Source: MOSPI

1.2.7 Growth of the middle class in India and the rural economy in India

India's rural economy is becoming a significant driver of the Fast-Moving Consumer Goods (FMCG) sector's resurgence, signaling a promising turnaround in aggregate demand after a slow start to the 2024-25 financial year. The Reserve Bank of India (RBI) highlights that rising incomes and improved infrastructure are fueling increased rural consumption of FMCG products. This boost is supported by a rise in rural savings, marked by growing numbers of savings bank accounts and balances, and a reduction in inflationary pressures, which has allowed rural consumption to catch up with urban areas. Additionally, favorable monsoon conditions and improved sowing data are expected to sustain this growth, complemented by increased government spending on rural development and infrastructure.

The expansion of middle-income households in rural India is transforming the country's economic landscape. This growth is driven by rising incomes, increased discretionary spending, a shift towards online and omnichannel shopping, and advancements in payment and logistics infrastructure. There is also a notable dietary shift in rural areas from carb-based foods to more protein-rich diets. India's middle class, characterized by significant income variability, exhibits diverse spending patterns. Lower-middle-class households allocate much of their income to private healthcare, education, and essential consumer goods, such as motorbikes and basic appliances. In contrast, the upper-middle-class invests in luxury items, entertainment, property, and personal services, with a higher propensity to own assets like cars, computers, and air conditioners. Both segments of the middle class are substantial and emerging as key drivers of consumption and economic growth in India. Recent policies, including the Mahatma Gandhi National Rural Employment Guarantee Act, have increased rural incomes, enabling more rural households to enter the middle class. The growing, more inclusive, and politically engaged middle class reflects broader economic growth, although there is a risk of social strain if growth falters and quality job creation does not keep pace.

The forecasted above-normal southwest monsoon by the India Meteorological Department (IMD) is expected to boost kharif production and replenish reservoir levels, further enhancing rural consumption. Improvements in agriculture and rural spending are emerging as bright spots in demand conditions. The government's Budget measures, which focus on agriculture, infrastructure, and rural development, aim to increase incomes and revitalize the rural sector. These measures include transforming agricultural research, introducing new crop varieties, promoting natural farming, and enhancing digital infrastructure for agriculture. Successful implementation of these programs, coupled with proper fund allocation, is crucial for improving farm incomes and strengthening supply chains. A shift towards diversified, high-value

agricultural production, along with marketing and trade reforms, is needed to foster more inclusive, environmentally friendly, and climate-resilient agriculture.

Despite higher absolute incomes among the wealthy, the sheer size of India's middle class indicates it will become a major force in the economy, creating one of the world's largest markets. This burgeoning middle class, with its growing discretionary spending power, is poised to drive investment, generate employment, and spur further economic growth. Assuming effective reforms are implemented, and the middle class expands to over one billion people, its role will be pivotal in India's economic and social fabric, influencing a wide range of activities from consumption to employment and political change.

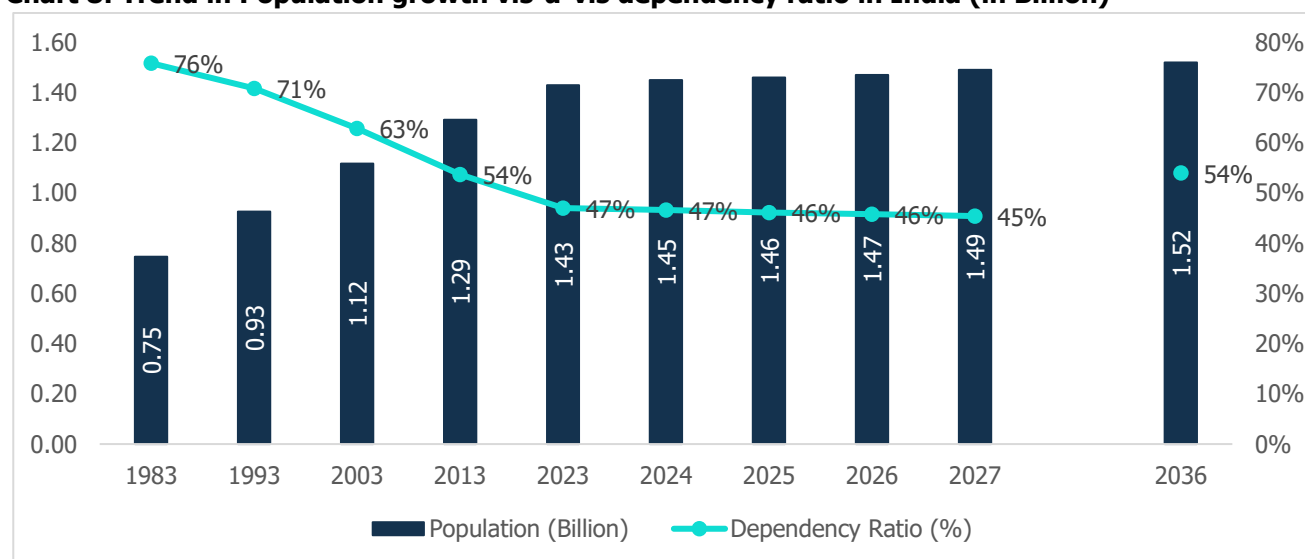
1.2.8 Overview on Key Demographic Parameters

• Population growth and Urbanization

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India's population in 2022 surpassed 1.42 billion, slightly higher than China's population (1.41 billion) and became the most populous country in the world.

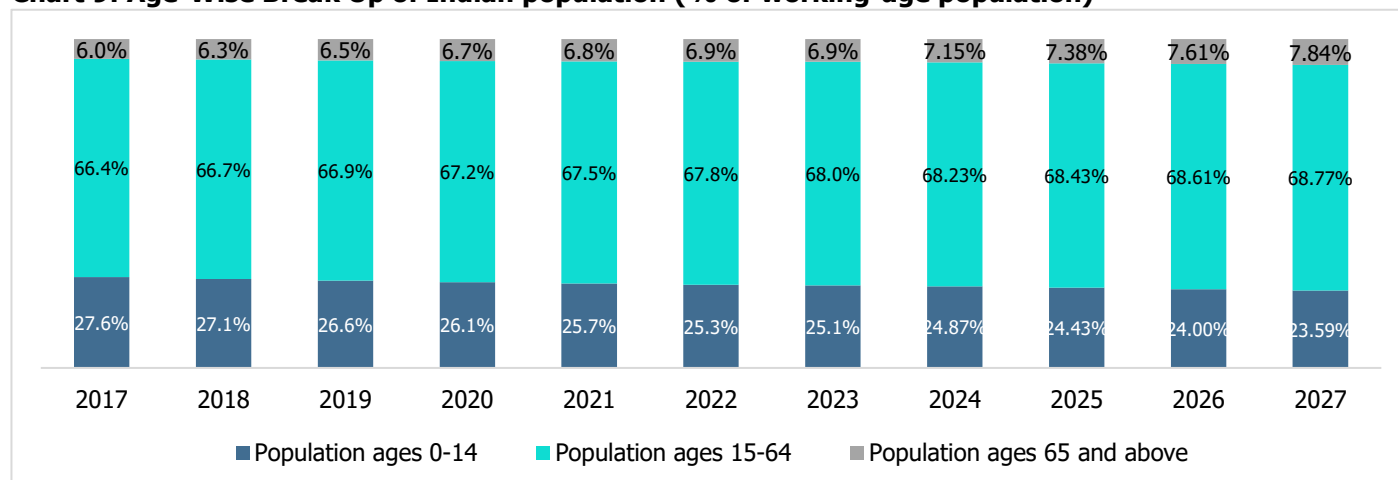
Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in 2023. However, this ratio is expected to rise again to 54% by 2036, driven by an increase in the elderly population as life expectancy improves.

Chart 8: Trend in Population growth vis-à-vis dependency ratio in India (in Billion)



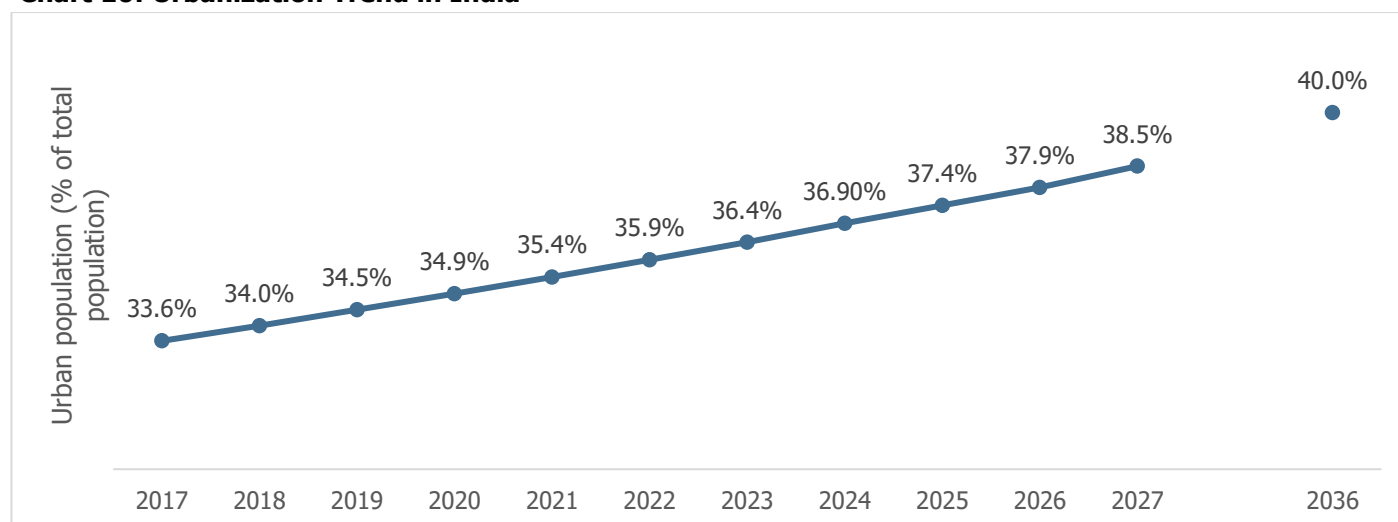
Source: World Bank Database, MOSPI

Despite a projected rise in the dependency ratio to 54% by 2036, India's young and growing workforce, especially in newly urbanised towns, will continue to drive income growth and consumer demand. This presents strong opportunities for sectors like consumer electronics, transportation, and railways. Rising employment, urbanisation, and government investment in rural development and digital infrastructure will further boost demand, while increased tech adoption supports long-term consumption growth across both urban and rural markets.

Chart 9: Age-Wise Break Up of Indian population (% of working-age population)


Source: World Bank Database

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in 2013 to 519.5 million (36.4% of total population) in the year 2023. India is undergoing a significant urban transformation, with the urban population projected to rise to 40% by 2036. This shift is driven by factors such as improved living standards, increased employment opportunities in urban areas, and government initiatives aimed at urban development. This rapid urbanisation might necessitate substantial investments in infrastructure, housing, and transportation.

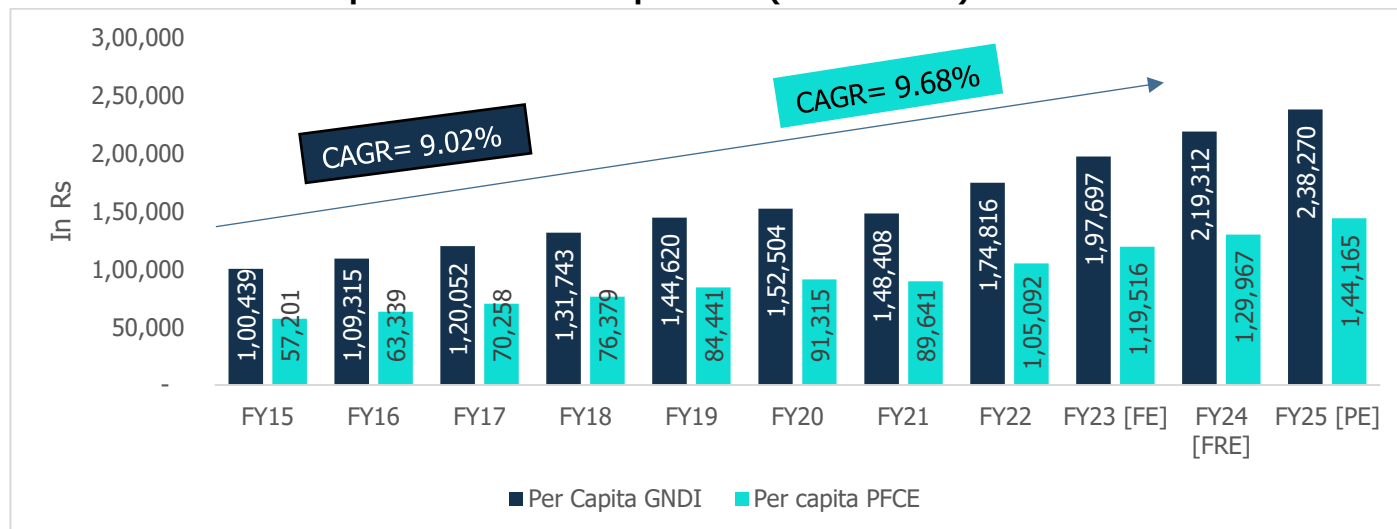
Chart 10: Urbanization Trend in India


Source: World Bank Database

• Increasing Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY15 to FY25, per capita GNDI at current prices registered a CAGR of 9.02%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY15 to FY25 at a CAGR of 9.68%.

Chart 11: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)

Source: MOSPI; Note: FRE – First Revised Estimates, FE – Final Estimates, PE- Provisional Estimates

1.3 Concluding Remarks

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 6.2% GDP growth in CY25 (FY26 according to the fiscal year), compared to the global projection of 2.8%. Key drivers include strong domestic demand, government capital expenditure and moderating inflation.

Public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.21 lakh crores for FY26. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

The impact of U.S. tariffs on India's export trade is anticipated to be minimal. The key sectors which will have a potential impact are engineering goods, electronics, gems and jewellery, pharmaceuticals, textiles, and automobiles, among others. The affected sectors represent a small fraction of India's total exports, with key industries such as steel industry affected by the 25% tariffs although the impact is expected to be minimal given the volume of goods exported is less, and textiles are potentially benefiting from reduced competition.

India's relatively lower tariff structure enhances its attractiveness as a trade partner, and ongoing negotiations with the U.S., along with efforts to diversify export markets, including the EU and ASEAN, are likely to mitigate potential adverse effects. As India progressively positions itself as a competitive manufacturing hub, particularly in textiles, pharmaceuticals, electronics, and auto components, it remains more competitive than countries like China, Taiwan, Bangladesh, and Vietnam. This strengthens India's position as a viable alternative in global trade, particularly in sectors where it holds a comparative advantage. India's expanding manufacturing capacity, coupled with its skilled workforce, makes it an appealing investment destination for global companies. Sectors such as electronics and textiles, including the relocation of Apple's iPhone production, are likely to attract greater U.S. interest as businesses seek lower-tariff alternatives.

On February 13, 2025, Prime Minister Narendra Modi and President Donald Trump discussed enhancing the U.S.-India trade relationship, with a target to increase bilateral trade from USD 200 billion to USD 500 billion by 2030. Negotiations

for a multi-sector bilateral trade agreement (BTA) are expected to commence later this year, focusing on trade fairness, national security, and job creation.

Thus, while U.S. tariffs may have a limited impact on India's exports, ongoing trade negotiations and India's competitive manufacturing advantage position it well for continued growth in global trade.

2 Indian Consumer Food Industry

2.1 Overview of Indian Consumer Food Industry

The consumer food industry in India is a dynamic and multifaceted sector, playing a significant role in the country's economy. It encompasses a broad range of food products, including packaged and processed foods, beverages, dairy, snacks, and others. This industry caters to a wide variety of tastes, from traditional Indian foods to global cuisines, reflecting the country's diverse culinary heritage.

One of the largest segments of this market is packaged and processed foods, which include ready-to-eat meals, instant noodles, canned products, and frozen foods. With the rise of urbanization and changing lifestyles, there is an increasing demand for convenience foods that can save time and effort in cooking. Alongside these, beverages play a central role, with both alcoholic and non-alcoholic drinks, including fruit juices, soft drinks, energy drinks, and dairy-based beverages, forming an essential part of the consumer diet.

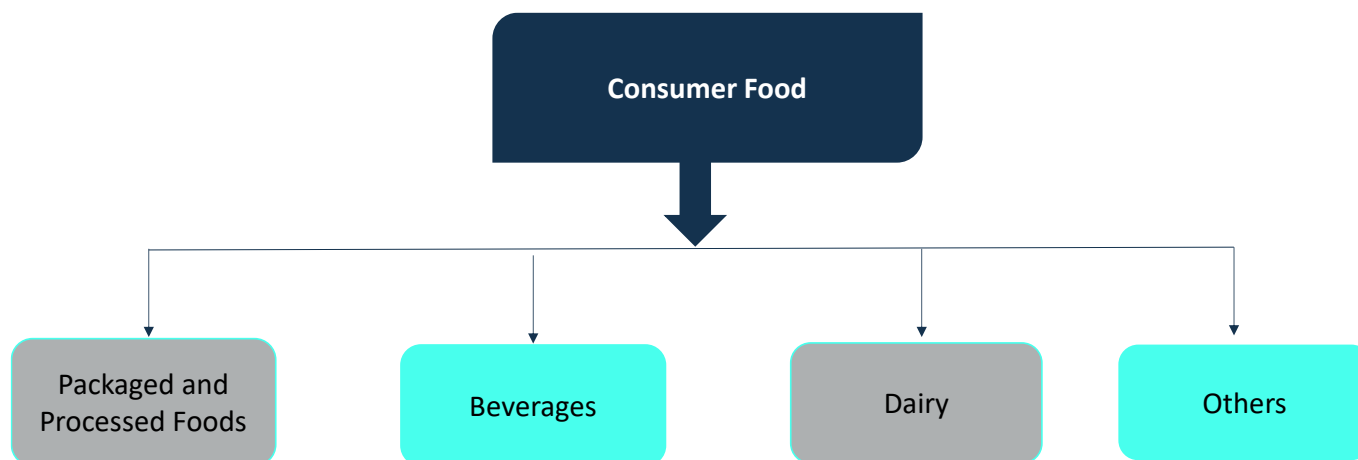
The dairy industry is another key pillar of India's consumer food market. Milk and its derivatives, such as yoghurt (curd), paneer (Indian cottage cheese), ghee, and butter, are staples in the Indian household. Traditional dairy products are highly valued, but there is also a growing demand for value-added dairy products like flavoured yoghurts and probiotic drinks. India's dairy sector is characterized by the presence of both organized and unorganized players, with local dairy producers holding a significant market share.

Snacks and confectionery form another large segment. Packaged snacks like chips, biscuits, namkeen (savoury snacks), and sweets (mithai) are consumed widely across the country, with regional variations adding to their diversity. Fresh produce, including fruits, vegetables, and grains, also forms a substantial part of the industry, supported by India's agricultural base. The market for organic and premium fresh produce is also gaining momentum, driven by health-conscious urban consumers.

The Indian consumer food industry is vast, highly competitive, and fragmented, with both multinational companies and regional players vying for market share. As consumer preferences evolve, companies are continually innovating to meet the demands for convenience, variety, and quality in food products.

2.2 Structure of the Indian Consumer Food Industry

Chart 12: Structure of the Indian Consumer Food Industry



Source: Industry Sources, CareEdge Research

Packaged and Processed Foods

Packaged and Processed Foods are food products that have been prepared, preserved, and packaged to extend shelf life and enhance convenience. They include a variety of items like snacks, ready-to-eat meals, beverages, and frozen foods. In India, these products cater to both traditional tastes and modern preferences, with examples like instant noodles, breakfast cereals, and canned goods. The surge in demand for packaged foods, especially in urban areas, is driven by busy lifestyles and smaller households, with brands like Maggi and MTR becoming popular for their convenience.

Processed foods are modified through methods like cooking, canning, or freezing to improve preservation and flavour, including items such as processed meats and snacks. While they've become a staple in the Indian diet, health concerns have led to a demand for healthier options. The packaged and processed food segment is expected to evolve continually, focusing on innovation in nutrition and convenience to meet consumer needs.

Beverages (Non-Alcoholic Beverages)

Non-alcoholic beverages are a significant segment of the Indian consumer food industry, offering a wide range of options that cater to diverse tastes and preferences. These beverages are consumed for hydration, refreshment, and nutrition and are popular across all age groups. The segment includes carbonated drinks, fruit juices, bottled water, dairy-based beverages, and health drinks.

Carbonated Drinks have long been a staple in this segment, with products like cola, lemon-lime soda, and flavored beverages dominating the market. Brands like Coca-Cola, Pepsi, and Thums Up lead this category. While these drinks remain popular, their market share is gradually being challenged by healthier alternatives due to growing health consciousness among consumers.

Fruit Juices and Nectars are increasingly preferred as a healthier option. Products made from mango, orange, apple, and mixed fruits are widely consumed, with brands like Real and Tropicana dominating this category. Packaged fruit juices are convenient and seen as a source of vitamins and nutrients, appealing to health-focused consumers.

Dairy-Based Beverages, including lassi, buttermilk, and flavoured milk, are traditional options with high nutritional value. Packaged versions of these beverages have gained traction for their convenience and shelf stability.

Health Drinks like energy drinks, protein shakes, and functional beverages are gaining popularity, particularly among younger and fitness-conscious consumers. With a focus on hydration and wellness, bottled water also plays a key role in this segment. The non-alcoholic beverages market in India is evolving rapidly, driven by changing consumer preferences and increased demand for health-focused and functional products.

Dairy

Dairy is a cornerstone of the Indian consumer food industry, deeply rooted in the country's cultural and dietary habits. India is the largest producer and consumer of milk globally, and the dairy segment includes milk, butter, cheese, ghee, curd, yogurt, and a variety of value-added products. Dairy forms a significant part of daily nutrition across Indian households, catering to diverse needs from basic consumption to indulgence and health-focused products.

Traditional Dairy Products, such as milk, ghee, and butter, dominate the market. These are essential staples in Indian cuisine and are widely consumed in urban and rural areas alike. Packaged versions of these products, offered by companies like Amul, Mother Dairy, and Nandini, ensure quality, hygiene, and convenience.

Value-Added Products like flavored milk, yogurt, cheese, and probiotic drinks are experiencing rapid growth. Increasing urbanization, rising disposable incomes, and changing dietary habits have fuelled demand for these modern dairy options.

Cheese, in particular, has seen a surge due to its growing use in fast foods like pizzas and burgers, especially among younger consumers.

The health and wellness trend has driven innovation in the dairy segment, with fortified products, lactose-free options, and probiotic yogurts gaining popularity. Additionally, premium and organic dairy products are carving a niche among health-conscious and affluent consumers.

The dairy industry in India is witnessing a shift toward modernization with better cold-chain infrastructure and technology-driven processing. However, it also faces challenges like fluctuating milk prices, ensuring quality standards, and competition from plant-based dairy alternatives. Despite this, dairy remains integral to the Indian diet, with robust growth prospects in both traditional and value-added categories.

Others

Others in the Indian consumer food industry include categories like bakery and confectionery, snacks, spices and condiments, and ready-to-eat (RTE) and ready-to-cook (RTC) products. These segments cater to varied consumer preferences, blending traditional and modern eating habits.

Bakery and Confectionery products, such as bread, biscuits, cakes, and chocolates, are widely popular for their affordability and convenience. Brands like Britannia, Parle, and Cadbury dominate this space, with innovations in health-focused and premium offerings driving growth.

Snacks range from traditional items like namkeens to Western-style chips and popcorn. Both organized players, such as Haldiram's and Lay's, and regional brands compete in this space, with increasing demand for healthier snack options like roasted or baked products.

Spices and Condiments are essential to Indian cooking. Branded spices, sauces, and ready-made pastes by companies like MDH, Everest, and Catch are increasingly preferred for quality and consistency.

RTE and RTC Products, including frozen parathas and pre-cooked meals, are gaining popularity among urban consumers for their convenience. Emerging categories like plant-based foods and organic products are also making inroads, reflecting changing lifestyles and a growing focus on health and sustainability.

3 Global Dairy Industry

3.1 Overview of the Dairy Industry

The global dairy industry plays an essential role in providing essential nutrients to billions of people worldwide through a wide variety of products such as milk, cheese, yoghurt, butter and others. The global dairy market is valued at USD 826.6 billion and continues to expand as consumer demand for dairy products grows. Milk represents the largest segment of the market, with a market share of USD 291.5 billion in 2024, contributing 35.3% to the overall dairy food market. Cheese represents the second largest segment of the market, with a market share of USD 184.6 billion in 2024. Together, milk and cheese account for over 50% of the global dairy market in terms of revenue.

In recent decades, developing countries have increased their share of global dairy production. This growth is primarily due to an increase in the number of producing animals rather than a rise in productivity per animal. Since the 1970s, most of the expansion in milk production has occurred in South Asia, which remains the key driver of milk production growth in the developing world.

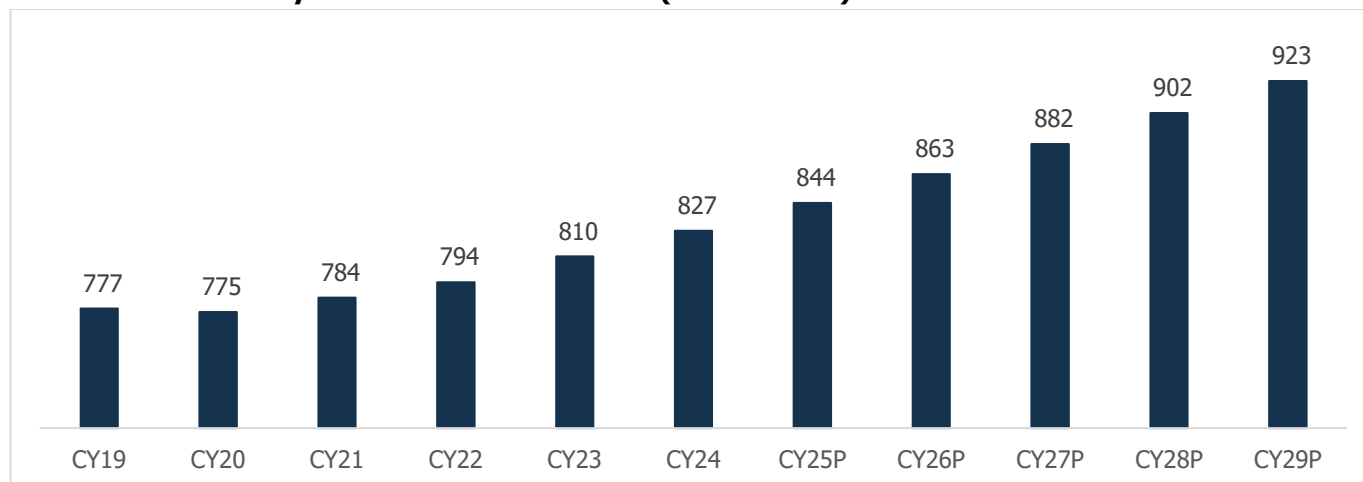
In 2024, the global dairy food market was dominated by the Asia-Pacific (APAC) region, which accounted for a market share of USD 322.8 billion, representing 39.1% of the total dairy food market. On the other hand, the Middle East and Africa held the smallest market share, valued at USD 50.8 billion, constituting 6.1% of the overall market.

The global dairy market is expected to experience steady growth over the next several years, with milk being the fastest-growing segment of the market. Rapid growth in urbanization, growing demand from consumers, accessible distribution channels, increasing trend of consuming dairy food products, rising number of distributors, and the presence of global and regional companies are the major factors driving the growth of global dairy food market. However, the increasing adoption of vegan diets and the availability of plant-based milk alternatives might hamper the growth of the milk segment in the market.

3.1.1 Market Size and Trend of the Global Dairy Industry

In 2024, the global dairy market is valued at 826.6 billion USD and is forecasted to expand at a CAGR of 2.2% from 2024 to 2029.

Chart 13: Global Dairy Market Size and Forecast (CY19-CY29P)



Source: Technavio, EMIS Database, CareEdge Research

The Global dairy market has witnessed steady growth over the years, with its market size expanding from USD 776.7 billion in CY19 to USD 810.2 billion in CY23. Despite a temporary dip in CY20 due to pandemic-related disruptions, the

sector rebounded in subsequent years, reflecting strong demand for dairy products. Going forward, the market is expected to grow at a CAGR of 2.2% between CY24 and CY29, reaching USD 922.7 billion by CY29. The estimated market size for CY24 stands at USD 826.6 billion, with projections indicating continued expansion to USD 844.4 billion in CY25, USD 862.9 billion in CY26, and USD 902 billion in CY28.

The positive growth outlook is driven by factors such as rising adoption of healthy food habits, accessible distribution channels, rapid growth in urbanization, and increasing consumption of dairy food.

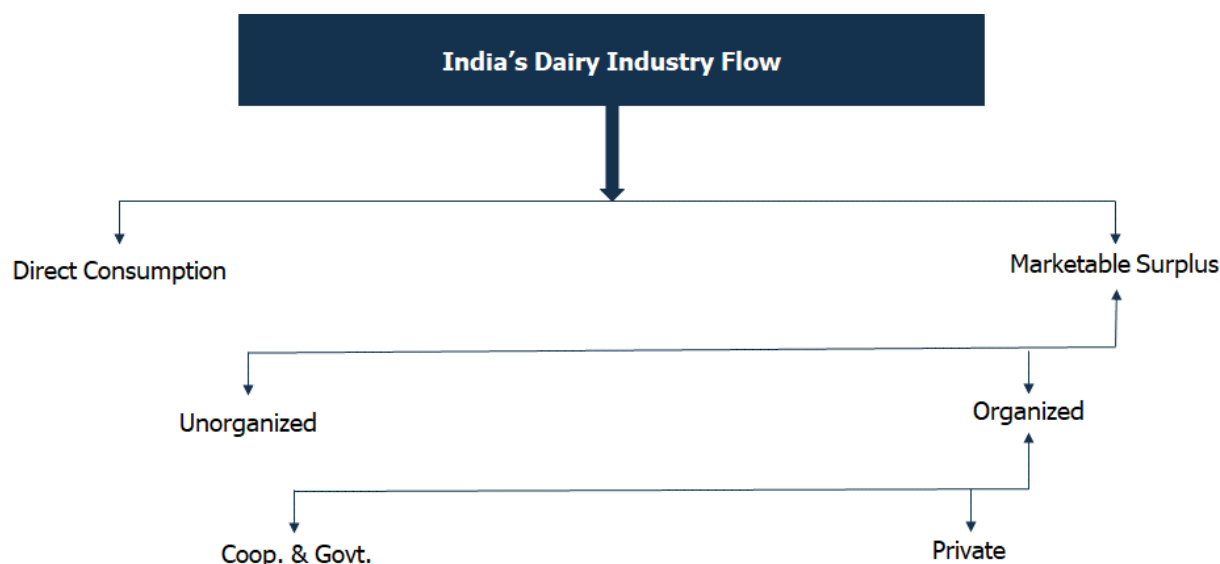
In 2024, the global dairy market was led by the Asia-Pacific (APAC) region. The dairy market in APAC is expanding due to several factors, including a rise in the prevalence of bone-related diseases, increasing awareness about the health benefits of dairy products, and a shift toward healthier eating habits. Additionally, rapid urbanization, the growth of the organized retail sector, and a rising demand for dairy products have all contributed to the market's expansion. The rapid growth of urban populations in APAC is also driving the increased consumption of dairy foods.

4 Indian Dairy Market

4.1 Overview of the Dairy Industry

The dairy industry is India's largest agricultural commodity, contributing 5% to the national economy and providing direct employment to over 80 million farmers, with a significant majority being women. India leads global milk production, accounting for 24% of the world's total output, with milk production reaching 230.58 million tonnes in 2022-23. The country's per capita milk availability stood at 459 grams per day in 2022-23, well above the global average of 323 grams per day.

Chart 14: Structure of India Dairy Industry



Source: Industry Sources, CareEdge Research

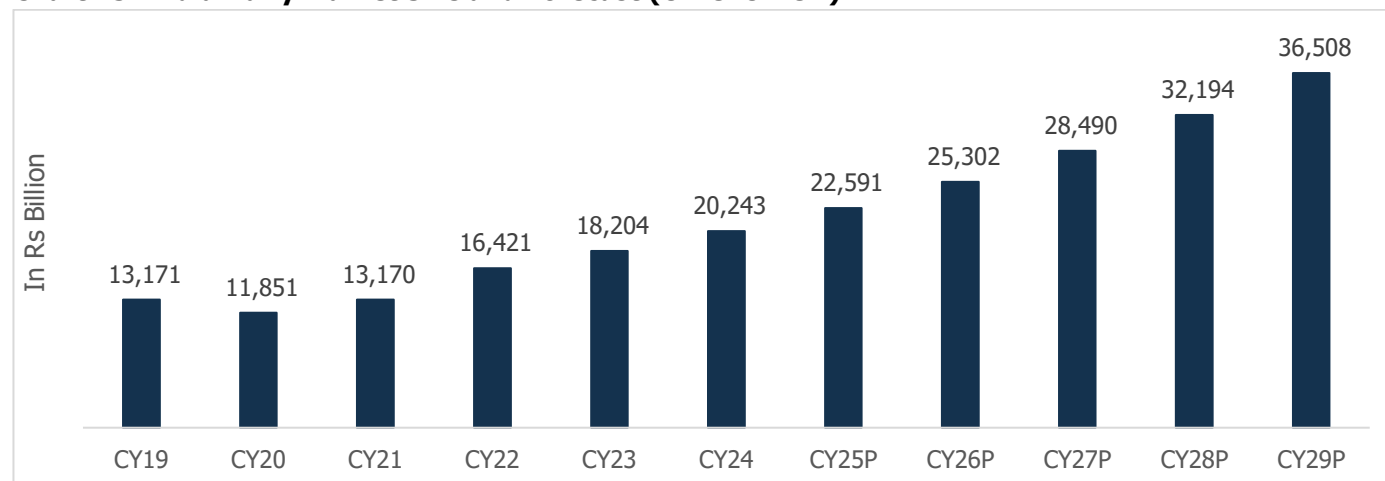
The sector is highly fragmented, with 60-68% of the market dominated by the unorganized sector, while cooperatives and private players account for the remaining share. Key products include liquid milk, ghee, butter, curd, paneer, and milk powder, with value-added products like cheese, flavoured milk, and probiotic drinks showing strong growth due to rising consumer demand. Per capita milk consumption in India has increased significantly, driven by population growth, higher disposable incomes, and a preference for protein-rich diets.

Government initiatives like the National Dairy Plan (NDP) and the Rashtriya Gokul Mission aim to enhance productivity and milk processing infrastructure. Organized players are increasingly investing in modern processing facilities and cold chain logistics to meet growing demand.

Challenges include low productivity per animal, high fodder costs, and climate-related risks impacting milk yield. Nevertheless, the sector's outlook remains positive, fueled by urbanization, evolving dietary habits, and increasing awareness of health and nutrition benefits. The Indian dairy industry is projected to grow at a CAGR of 12-13% over the next five years.

4.1.1 Market Size and Trend of the India Dairy Industry

Chart 15: India Dairy Market Size and Forecast (CY19-CY29P)



Source: Annual Report 2023-24 (Department of Animal Husbandry and Dairying Ministry of Fisheries, Animal Husbandry and Dairying Government of India), CareEdge Research

The Indian dairy market has witnessed steady growth over the years, with its market size expanding from Rs. 13,171 billion in CY19 to Rs. 18,204 billion in CY23. Despite a temporary dip in CY20 due to pandemic-related disruptions, the sector rebounded in subsequent years, reflecting strong demand for dairy products. Going forward, the market is expected to grow at a CAGR of 12.5% between CY24 and CY29, reaching Rs. 36,508 billion by CY29. The estimated market size for CY24 stands at Rs. 20,243 billion, with projections indicating continued expansion to Rs. 22,591 billion in CY25, Rs. 25,302 billion in CY26, and Rs. 28,490 billion in CY28.

The strong growth outlook is driven by factors such as rising per capita milk consumption, increasing demand for value-added dairy products, urbanization, and the expansion of cold chain infrastructure. Additionally, government initiatives and private sector investments in dairy processing and supply chain efficiency are expected to support market expansion. In FY24, India's per capita milk availability stood at 471 grams per day, compared to the global average of 329 grams per day in CY2023.

4.1.2 India Dairy Market by Distribution Channel

4.1.2.1 Organized Retail

Organized retail includes modern retail formats with structured processes, larger stores, and established brands. These outlets focus on quality assurance, customer service, and large-scale distribution of dairy products.

Supermarkets/Hypermarkets

Supermarkets/Hypermarkets are the Large-format stores that offer a wide variety of dairy products under one roof. These stores cater to both mass-market and premium segments by stocking everything from daily essentials like milk to higher-end products such as organic cheese, imported butter, and flavoured yogurts. India has over 10,000 supermarkets and hypermarkets including key players such as Reliance Fresh, D-Mart, Big Bazaar, Spencer and others. These stores are increasingly adding in-house dairy brands to capture the market share, offering products like private label milk, cheese, and yogurt at competitive prices. They also focus on the convenience of bulk purchasing. Consumers often prefer supermarkets for their wide selection, better pricing, and the convenience of purchasing other groceries along with dairy.

Convenience Stores

Convenience Stores are the smaller outlets that focus on providing quick and convenient purchases. Located in residential areas or near office complexes, convenience stores often stock basic dairy products like milk, butter, yogurt, and sometimes cheese and paneer. India has 15 million+ convenience stores, including standalone branded outlets such as 7-Eleven, local convenience stores. The demand for on-the-go dairy products is driving growth in convenience stores, with packaged milk and ready-to-eat dairy snacks like cheese cubes and yogurt-based drinks becoming more popular. Consumers opt for convenience stores due to their proximity to their homes or workplaces and their ability to make quick, small purchases without needing to visit large supermarkets.

Specialty Dairy Stores

Specialty Dairy Stores in India cater to niche segments, offering premium, organic, and artisanal dairy products such as A2 milk, organic ghee, probiotic yogurt, and handcrafted cheese. These stores differentiate themselves by focusing on high-quality, ethically sourced, and health-conscious dairy options. The segment is growing due to rising health awareness, increasing disposable income, and demand for organic and chemical-free products. Urban consumers, especially millennials and health-conscious families, are driving this trend. Additionally, concerns over adulteration in mass-market dairy products have pushed consumers toward trusted specialty brands. The target market for these stores is typically upper-middle-class to affluent urban consumers who are willing to pay a premium for quality and specialized dairy products.

4.1.2.2 Unorganized Retail

Unorganized retail is the traditional retail sector, often involving small family-run businesses or street vendors. This segment holds a significant share of the dairy market, especially in rural and semi-urban areas.

Local Grocery Stores (Kirana Stores)

These traditional neighbourhood stores are the go-to source for essential dairy items in India. They typically stock daily-use products like milk, curd, butter, ghee, and paneer. There are 13 million+ kirana stores in India. Local kirana stores are gradually expanding their product range to include branded dairy products. However, fresh milk and curd from local vendors remain the dominant products sold. Customers choose kirana stores for their convenience and the familiarity of buying from local, often trusted sources. In rural areas, traditional items like fresh curd and milk remain staples.

Local Vendors

Vendors who sell fresh, unbranded milk, curd, and sometimes butter or paneer directly to consumers, often on a daily or alternate-day basis such as small-scale dairy farmers, informal milkmen. These vendors are typically found in semi-urban and rural regions where organized retail is less accessible. Many local vendors have built long-term relationships with their customers, delivering fresh milk directly to homes. This segment remains extremely important, especially in rural areas. Freshness and local sourcing are key factors. Consumers in rural and semi-urban areas prefer to buy from trusted local vendors, valuing the ability to buy fresh, unprocessed milk. In urban areas, a trend is growing for such vendors who sell directly at residential complexes.

4.1.2.3 Online Retail

Online retail for dairy products is gaining traction, driven by the rise of digital platforms and e-commerce models. It caters to urban consumers looking for convenience, product variety, and home delivery.

Quick-Commerce Platforms

Digital platforms and quick-commerce apps are revolutionizing dairy product delivery, ensuring rapid fulfillment, often within an hour. These platforms specialize in branded and packaged dairy items, including milk, yogurt, butter, and cheese. With the surge in online grocery shopping, dairy remains one of the top-selling categories. Quick-commerce platforms are expanding their dairy offerings to meet the rising consumer demand for convenience and speed. Urban

consumers, particularly working professionals and families, increasingly rely on these services to avoid store visits while ensuring fresh dairy supply. The sector's growth is further fueled by evolving lifestyle patterns, increased smartphone penetration, and digital payment adoption, making quick-commerce an integral part of India's dairy retail ecosystem.

Specialized Apps for Fresh Milk and Dairy

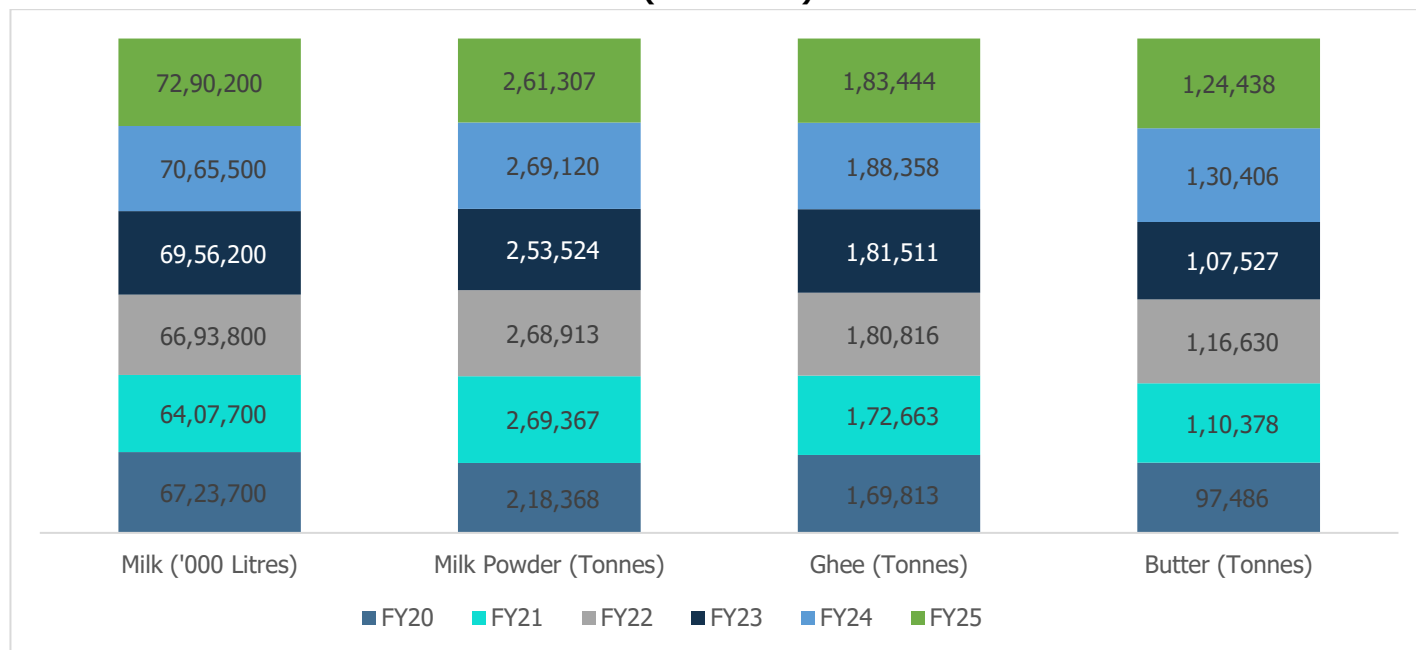
There are apps specifically designed to deliver fresh milk and dairy products to customers' doorsteps. These platforms are particularly popular in metro cities, where people seek consistent quality and convenience. These apps focus on the subscription model, offering fresh milk and dairy items delivered regularly to customers. They promise high quality, freshness, and convenience, and often source milk directly from farms. The appeal lies in the fresh and consistent quality of products, with consumers preferring these services for daily milk delivery to their homes. The convenience of subscription-based models also appeals to time-strapped urban consumers.

Subscription-Based Home Delivery Services

Subscription models for home delivery of dairy products, which could range from milk to a variety of dairy items like butter, cheese, paneer, and ghee. These services ensure that customers receive their dairy items regularly at the same time each day or week. Subscription-based services are increasingly targeting the health-conscious segment by offering organic, farm-fresh, and non-processed dairy options. These services help customers avoid the hassle of daily grocery shopping and guarantee fresh products. Subscribers value the convenience, freshness, and regularity of delivery, with many opting for these services due to the consistency in quality and ease of ordering online.

4.2 Production Trends of Milk and Milk Products

Chart 16: Production of Milk and Milk Products (FY20-FY25)



Source: CMIE, CareEdge Research

The dairy sector has shown consistent growth from FY20 to FY25 across various product categories. Milk production increased steadily from 6,723.7 million litres in FY20 to 7,290.2 million litres in FY25, driven by advancements in dairy farming technology and better animal nutrition. Milk powder production remained stable, growing from 218,368 tonnes in FY20 to 261,307 tonnes in FY25, supported by rising demand for processed dairy products, particularly in urban areas. Ghee production grew from 169,813 tonnes in FY20 to 183,444 tonnes in FY25, driven by the rising preference for traditional, natural food products among health-conscious consumers. Similarly, butter production increased from 97,486 tonnes in FY20 to 124,432 tonnes in FY25, driven by growing consumption of processed foods and demand for premium

dairy products. These trends reflect a strong and evolving dairy sector, influenced by both consumer preferences and improvements in production practices.

4.3 Milk Production Trends by States/UTs

Table 5: Milk Production by States/UTs, ('000 Tonnes) (FY20-FY24)

States	FY20	FY21	FY22	FY23	FY24
Uttar Pradesh	31,864	31,359	33,874	36,242	38,780
Rajasthan	25,573	30,723	33,265	33,307	34,733
Madhya Pradesh	17,109	17,999	19,004	20,122	21,326
Gujarat	15,292	15,853	16,722	17,281	18,312
Andhra Pradesh	15,263	14,714	15,403	15,448	13,994
Punjab	13,348	13,394	14,077	14,302	14,000
Maharashtra	12,024	13,703	14,305	15,042	16,045
Bihar	10,480	11,502	12,253	12,503	12,853
Haryana	11,735	11,284	11,630	11,966	12,220
Karnataka	9,032	10,936	11,796	12,829	13,463
West Bengal	5,869	6,165	6,415	6,969	7,650
Telangana	5,590	5,765	5,808	5,855	5,840
Rest of India	25,261	26,563	27,519	28,712	30,083

Source: CMIE, CareEdge Research

The data show significant regional variation in milk production, with Uttar Pradesh consistently leading in production volume, followed by Rajasthan and Madhya Pradesh. Uttar Pradesh recorded a steady increase, growing from 31,864 thousand tonnes in FY20 to 38,780 thousand tonnes in FY24. Rajasthan's milk production also witnessed an upward trend, peaking at 34,733 thousand tonnes in FY24. Other states like Madhya Pradesh, Gujarat, and Maharashtra have demonstrated consistent growth in their milk production, with Madhya Pradesh's output rising from 17,109 thousand tonnes in FY20 to 21,326 thousand tonnes in FY24. Gujarat's milk production reached 18,312 thousand tonnes in FY24, while Maharashtra's output surged from 12,024 thousand tonnes in FY20 to 16,045 thousand tonnes in FY24. In contrast, Andhra Pradesh showed a decline in its milk production, falling from 15,263 thousand tonnes in FY20 to 13,994 thousand tonnes in FY24. Other states like Punjab, Haryana, and Karnataka also saw moderate increases over the period, while Bihar and West Bengal experienced gradual growth. Overall, the rest of India category, which encompasses the remaining states, has also seen a steady rise in milk production, reflecting the growing demand and regional variations in the dairy industry.

4.4 Per capita availability of Milk by States/UTs

Table 6: Per capita availability of Milk by States/UTs, (Grams/day) (FY20-FY24)

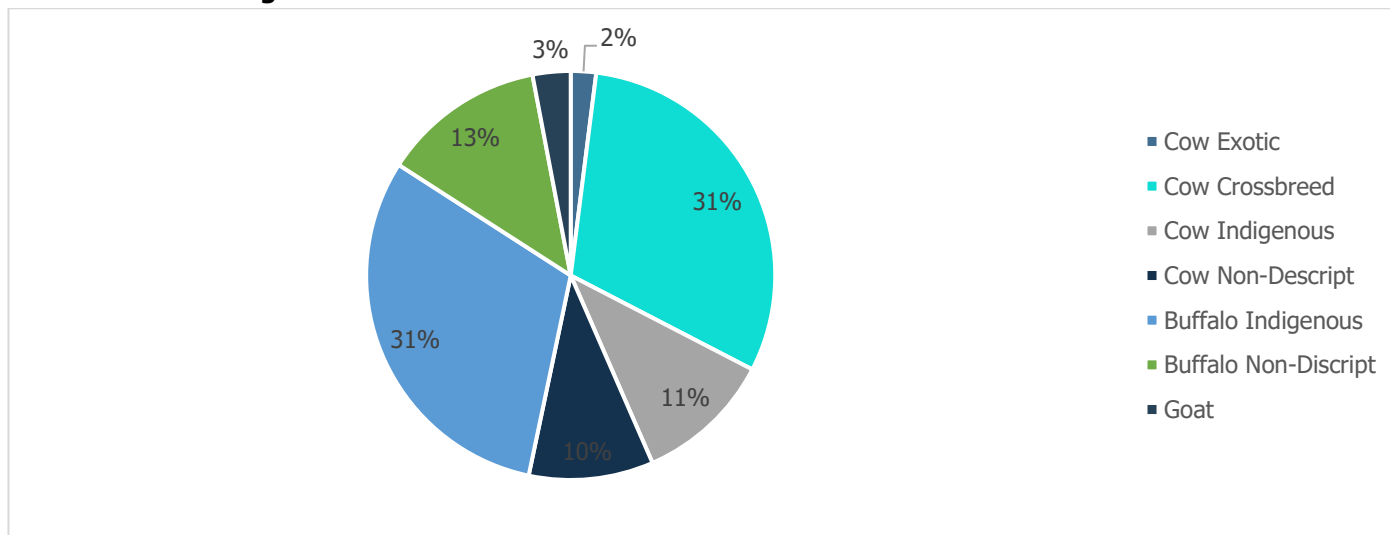
States	FY20	FY21	FY22	FY23	FY24
Punjab	1,221	1,219	1,271	1,283	1,245
Rajasthan	904	1,075	1,150	1,138	1,171
Haryana	1,118	1,063	1,081	1,098	1,105
Andhra Pradesh	799	768	799	799	719
Gujarat	615	631	656	670	700
Madhya Pradesh	568	591	616	644	673
Karnataka	375	452	483	523	543
Uttar Pradesh	387	377	402	426	450
Telangana	410	422	422	423	419

States	FY20	FY21	FY22	FY23	FY24
Maharashtra	269	305	315	329	347
Bihar	240	260	273	274	277
West Bengal	165	173	179	194	211

Source: CMIE, CareEdge Research

4.5 Species-Wise Milk Contribution

Chart 17: Percentage Share of Milk Production in FY24

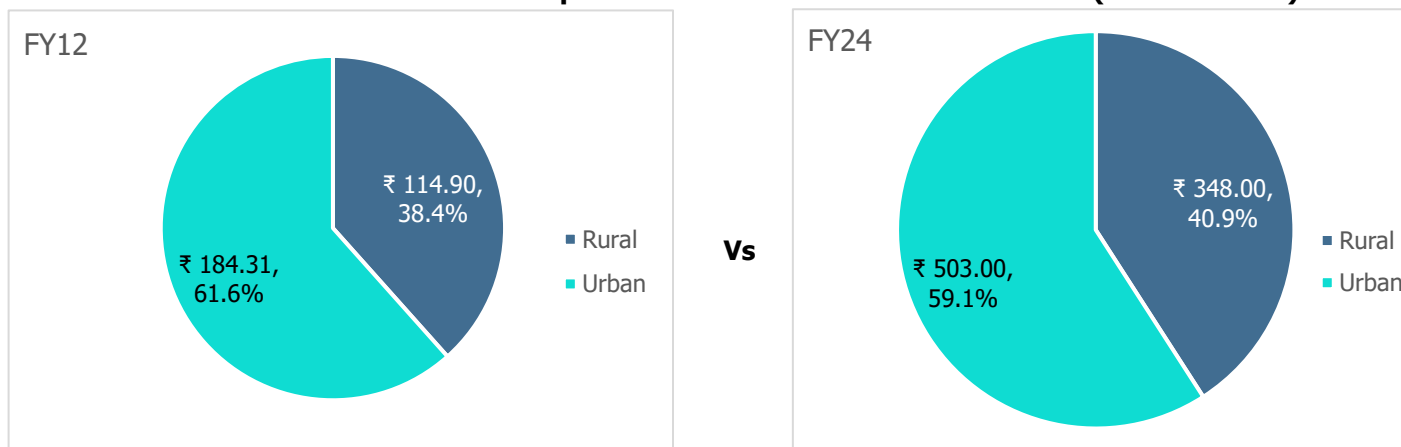


Source: Annual Report 2024-25 (Department of Animal Husbandry and Dairying Ministry of Fisheries, Animal Husbandry and Dairying Government of India), CareEdge Research

In FY23, buffaloes, particularly indigenous breeds, led milk production with 31.94%, followed by crossbred cows at 29.81%. Indigenous cows contributed 10.73%, while non-descript cows and buffaloes made up 9.51% and 12.87%, respectively. Exotic cows accounted for 1.86%, and goats contributed 3.28%. Non-descript animals represent local or mixed breeds, which are crucial in rural dairy production across India.

4.6 Per capita monthly Consumption Expenditure in Milk & Milk Products

Chart 18: Milk and Milk Products Consumption of India in Rural and Urban Areas (FY12 Vs FY24)

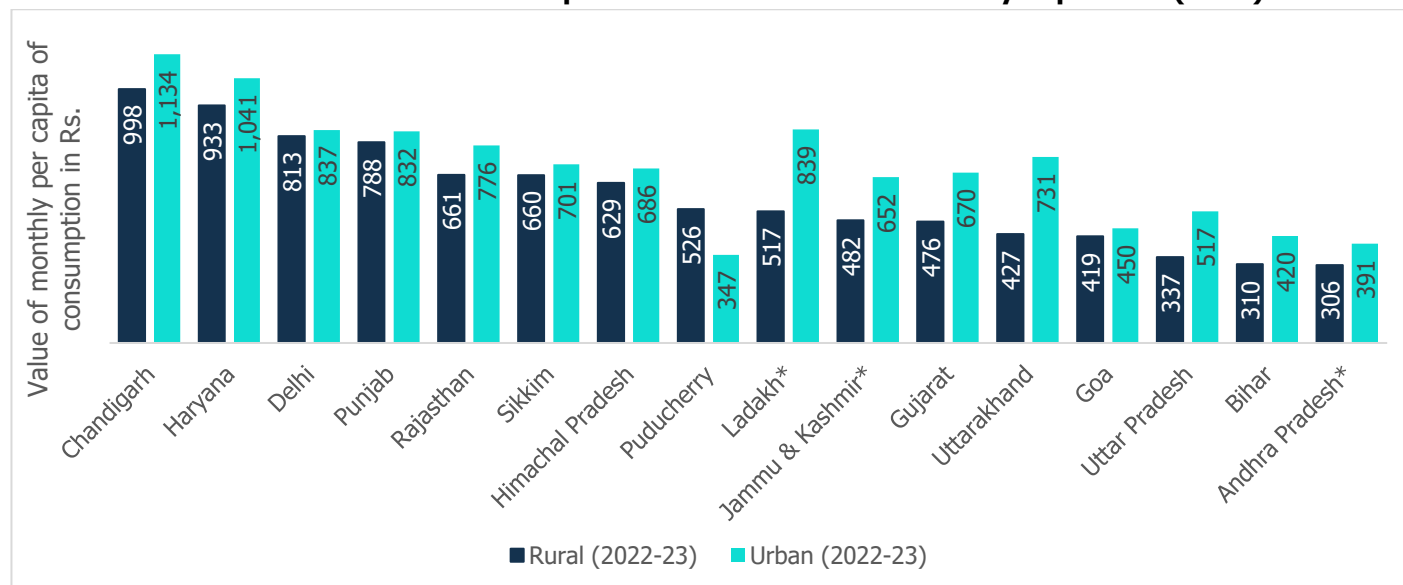


Source: National Sample Survey Organisation, Ministry of Statistics & Programme Implementation, GoI, and CareEdge Research

The per capita monthly expenditure on milk and milk products in rural India grew from Rs. 114.9 in FY12 to Rs. 348.00 in FY24, marking a **203 % increase**, while urban spending rose **173.0%** from Rs. 184.31 to Rs. 503.00. Rural growth

outpaced urban due to rising incomes, better accessibility to dairy products, and government initiatives like dairy cooperatives and improved cold storage. Increased awareness of nutrition and dietary shifts towards protein-rich food also contributed. However, urban areas still spend more due to higher purchasing power and diverse dairy product consumption patterns.

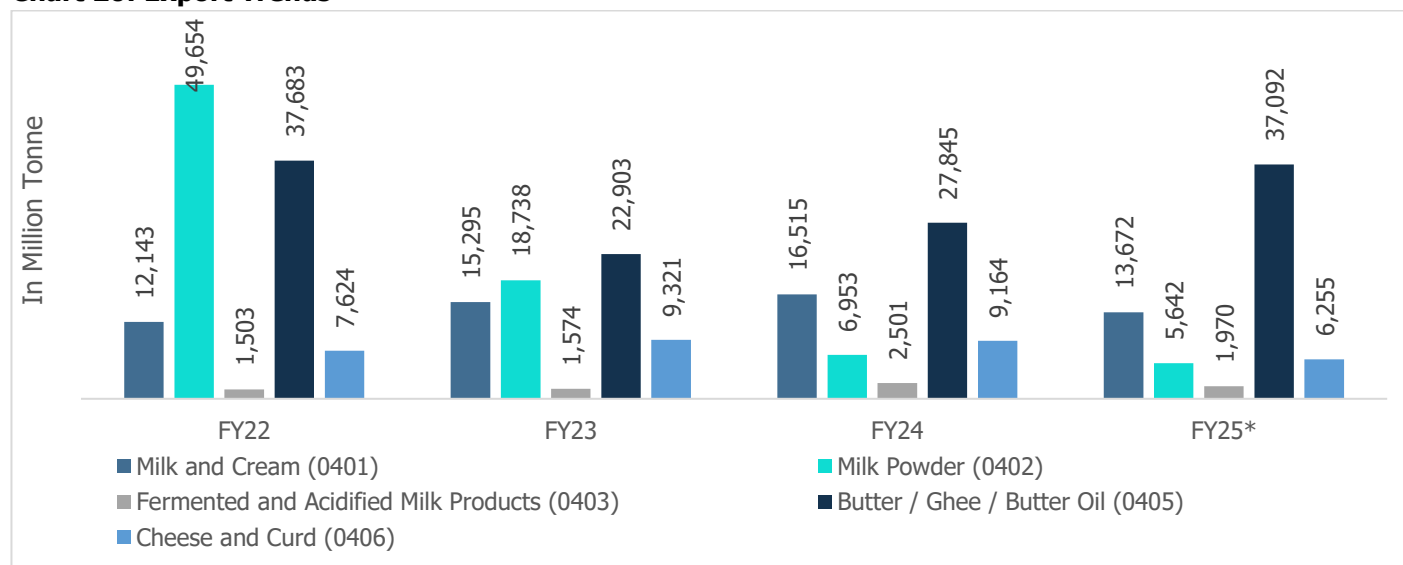
Chart 19: Milk and Milk Products Consumption in Rural and Urban Areas by Top States (FY23)



Source: National Sample Survey Organisation, Ministry of Statistics & Programme Implementation, GoI, and CareEdge Research¹

4.7 Product-wise Export and Import Trends (FY22-FY25)

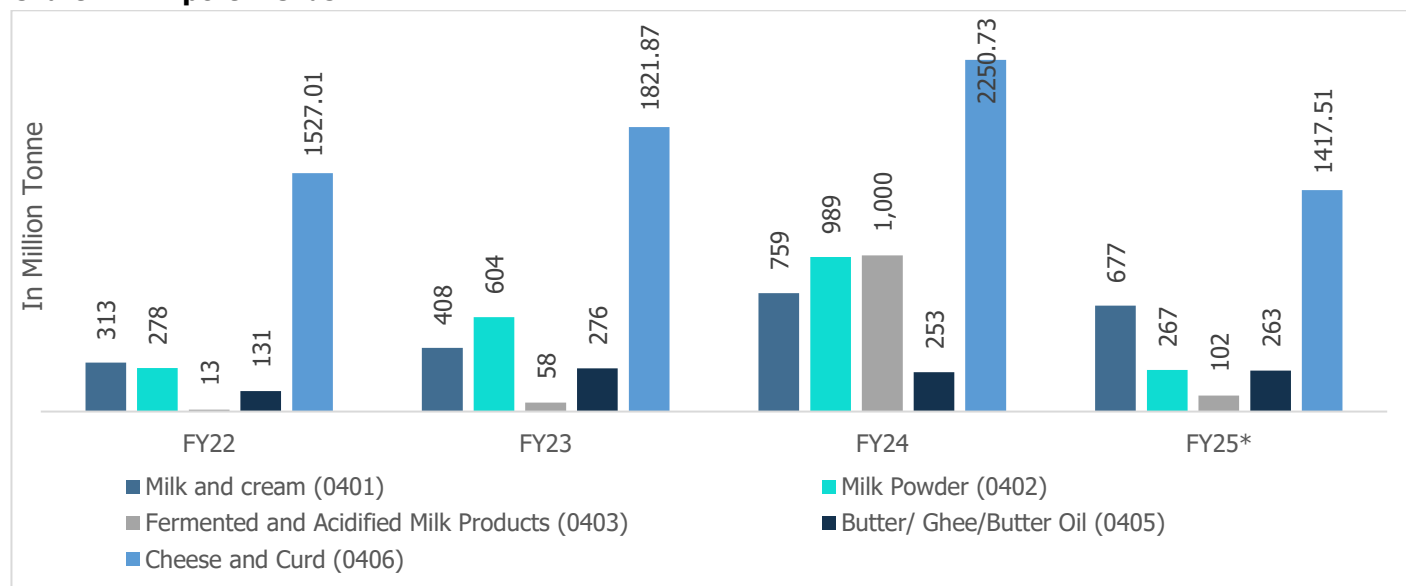
Chart 20: Export Trends



Source: Annual Report 2024-25 (Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying, Government of India), CareEdge Research

Note: *= FY25 (Till Nov 2024)

1* For the period 2011-12, Telangana was not separated from the State Andhra Pradesh and Ladakh was not separated from the State Jammu & Kashmir, thus, the estimates provided for 2011-12 is for undivided Andhra Pradesh and Jammu & Kashmir, respectively

Chart 21: Import Trends


Source: Annual Report 2024-25 (Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying, Government of India), CareEdge Research

Note: *= FY25 (Till Nov 2024)

5 Overview of Dairy Processing & Infrastructure Development Fund (DIDF)

The Dairy Processing & Infrastructure Development Fund (DIDF) was launched to enhance India's dairy sector by strengthening milk processing, value addition, and chilling infrastructure. With a total outlay of Rs. 11,184 crores, including a loan component of Rs. 8,004 crore, the scheme aimed to support Dairy Cooperatives, Milk Producer Companies (MPCs), Self Help Groups (SHGs), and Farmer Producer Organizations (FPOs).











Under DIDF, NABARD raised funds from the market and lent them to the National Dairy Development Board (NDDB) and National Cooperative Development Corporation (NCDC), which in turn provided loans to eligible end borrowers. The Government of India (GoI) provided a 2.5% interest subvention to NABARD. The funding period lasted until FY 2022-23, with a repayment timeline extending to FY 2031-32.

Key Infrastructure Components

DIDF covered a wide range of infrastructure projects, including:

- Milk processing & chilling facilities
- Cattle feed & feed supplement plants
- Milk transportation systems (Refrigerated vans, insulated tankers)
- Training infrastructure (bulk vending, parlours, cold storage)
- Commodity & cattle feed storage
- ICT adoption (Blockchain, IT solutions, real-time devices)
- R&D facilities (Labs, equipment, product innovation)
- Renewable energy infrastructure
- Dairy packaging material manufacturing (Pet bottles, packaging units)

Table 7: Achievements (As of 31st March 2024)

 Financial Progress	 Physical Progress
 Total Project Outlay Approved: Rs. 6,776.9 crore	 Milk Processing Capacity Added: 69.95 LLPD
 Loan Sanctioned: Rs. 4,575.22 crore	 Milk Chilling Capacity Added: 3.40 LLPD
 Loan Disbursed: Rs. 3,126.53 crore	 Drying Capacity Established: 265 MTPD
 Interest Subvention Released: Rs. 128.11 crore	 Value-Added Product (VAP) Capacity Added: 11.74 LLPD (milk equivalent)

6 Government Schemes and Initiatives Related to Dairy Industry in India

6.1 Rashtriya Gokul Mission (RGM)

The Rashtriya Gokul Mission (RGM) was launched in 2014 by the Department of Animal Husbandry & Dairying under the National Programme for Bovine Breeding and Dairy Development (NPBBDD). It aims to conserve and develop indigenous cattle breeds to improve milk productivity and genetic quality. India has over 50 indigenous cattle breeds, such as Gir, Sahiwal, and Red Sindhi, known for their high resistance to diseases and adaptability to local conditions.

Key Features:

- Establishment of Gokul Grams (cattle breeding farms) for preserving and multiplying indigenous breeds.
- Creation of National Kamdhenu Breeding Centres (NKBCs) as hubs for breed improvement.
- Implementation of Embryo Transfer Technology (ETT) and In-vitro Fertilization (IVF) for faster genetic enhancement.
- Expansion of artificial insemination (AI) coverage to enhance breed quality.

Impact:

- Higher milk productivity, leading to increased farmer incomes.
- Conservation of indigenous breeds, ensuring sustainable dairy farming.
- Improved disease resistance, reducing veterinary costs for farmers.
- Strengthened India's position as the largest producer of milk globally by promoting quality over quantity.
- The RGM plays a crucial role in reducing the dependency on crossbreeds, ensuring genetic improvement, and supporting sustainable dairy development in India.

6.2 National Programme for Dairy Development (NPDD)

The National Programme for Dairy Development (NPDD) was launched in 2014 to modernize and strengthen dairy infrastructure across India. It focuses on enhancing milk procurement, storage, processing, and marketing, particularly for dairy cooperatives and farmer organizations. The scheme is crucial for improving the quality and safety of dairy products and reducing post-harvest losses.

Key Features:

- Funding support for milk chilling centers, bulk milk coolers (BMCs), and testing laboratories.
- Assistance for modernizing milk processing plants to meet international quality standards.
- Introduction of digital milk testing facilities to ensure fair pricing for farmers.
- Encouragement of cooperative milk unions and producer companies for better milk distribution.

Impact:

- Reduced wastage due to improved cold storage and supply chain infrastructure.
- Higher returns for farmers due to direct selling opportunities and better milk quality.
- Strengthened the role of dairy cooperatives, boosting rural employment.
- Ensured food safety and standardization, increasing India's potential for dairy exports.

The NPDD has significantly contributed to building a strong dairy ecosystem, making India's dairy sector efficient, profitable, and globally competitive.

6.3 Animal Husbandry Infrastructure Development Fund (AHIDF)

The Animal Husbandry Infrastructure Development Fund (AHIDF) was launched in 2020 under the Atmanirbhar Bharat Abhiyan to promote private sector investment in dairy processing, cold storage, and value addition. With an allocation of ₹15,000 crore, this scheme supports modernizing dairy farms and increasing processing efficiency.

Key Features:

- 90% loan financing for eligible businesses, cooperatives, and startups.
- 3% interest subvention, reducing borrowing costs for dairy entrepreneurs.
- Loan repayment period of up to 10 years, with a 2-year moratorium.
- Focus on value-added dairy products (cheese, yogurt, flavoured milk) to boost revenue.

Impact:

- Encouraged private investment in the dairy supply chain, leading to higher efficiency.
- Modernized dairy processing through mechanized milking, storage, and distribution.
- Reduced milk wastage, enhancing overall profitability in the sector.
- Increased India's export competitiveness, strengthening its global dairy market share.

The AHIDF is a game-changer in transforming India's dairy sector, promoting technological advancement, private sector growth, and sustainable dairy business models.

6.4 Kisan Credit Card (KCC) for Dairy Farmers

The Kisan Credit Card (KCC) scheme, initially launched in 1998, was extended to dairy farmers in 2020 to provide low-cost credit for cattle purchase, fodder, veterinary care, and infrastructure development. The scheme ensures easy access to working capital and financial inclusion for dairy farmers.

Key Features:

- Collateral-free loans of up to ₹1.6 lakh for dairy farmers.
- Interest rate as low as 4% with timely repayment benefits.
- Flexible withdrawal to meet operational needs like fodder, feed, and medicines.
- Insurance coverage for cattle, farmers, and dairy infrastructure.

Impact:

- Financial security for small-scale and marginal dairy farmers.
- Reduced dependency on informal lenders, lowering interest burden.
- Increased investment in quality cattle breeds, leading to higher milk yield.
- Strengthened India's rural dairy economy, improving farmer livelihoods.

The KCC scheme has empowered millions of dairy farmers, ensuring sustainable growth and better financial planning in the dairy industry.

7 Key Growth Drivers

Rising Per Capita Consumption

India's dairy industry has seen significant growth due to the rising per capita consumption of milk and dairy products. This is largely driven by the expanding middle-class population and increasing disposable income, especially in urban areas. Consumers are shifting toward higher-value dairy products like yogurt, cheese, butter, and flavored milk due to changing dietary habits and the growing awareness of the health benefits of dairy. The demand for dairy is also fueled by the increasing popularity of plant-based alternatives, with dairy still being a key part of the Indian diet. Additionally, the rising consumption of functional dairy products such as probiotic yogurt and fortified milk reflects a growing health consciousness. This trend is expected to continue, as dairy remains an essential source of protein and nutrition, particularly in the urban and semi-urban markets. The increasing purchasing power and evolving preferences are driving the growth of the dairy industry, as consumers demand more variety and convenience in their dairy products, further boosting per capita consumption.

Government Support & Policies

The Indian government's support has been crucial to the growth of the dairy industry. Programs like the Rashtriya Gokul Mission and the National Dairy Plan focus on improving livestock genetics, boosting productivity, and enhancing the infrastructure of dairy farming across India. Additionally, the Dairy Processing & Infrastructure Development Fund (DIDF) has facilitated investments in dairy processing units, cold storage chains, and other infrastructure improvements, which have contributed to better product availability and reduced wastage. The government also provides financial support and incentives for dairy farmers, which includes subsidies for dairy equipment, veterinary services, and insurance for livestock. These policies and programs have helped strengthen the dairy supply chain, ensuring quality control and increasing the efficiency of production. Furthermore, initiatives aimed at improving the genetic quality of dairy cattle have contributed to higher milk yields. Government regulations to support cooperative dairy models have empowered smallholder farmers by providing access to modern technology and a better market for their produce. With ongoing investments and policy measures, the dairy sector's growth outlook remains positive as India continues to focus on strengthening this essential industry.

Expansion of Organised Retail & E-commerce

The rapid expansion of organised retail and e-commerce platforms has had a transformative impact on India's dairy sector. The rise of supermarkets, hypermarkets, and convenience stores has provided a broader distribution network for dairy products, including high-demand value-added items such as cheese, flavored milk, yogurt, and butter. This trend is particularly noticeable in urban areas, where consumers prefer the convenience of purchasing a wide range of dairy products under one roof. The growth of online grocery platforms has also made dairy products more accessible to a wider audience, especially in tier-2 and tier-3 cities where organised retail has not yet reached as extensively. E-commerce platforms, such as Amazon, and BigBasket, have witnessed a surge in dairy product sales, including organic and premium offerings, reflecting changing consumer preferences toward quality and convenience. This expansion of organised retail and e-commerce has not only contributed to increased sales of packaged dairy products but also encouraged the development of new product lines, offering consumers an even broader selection of dairy items. Furthermore, with the ease of delivery and increased accessibility, consumers are now more likely to explore new brands and products, driving overall growth in the dairy industry.

Growth in Value-Added Products (VAPs)

The growing demand for value-added dairy products (VAPs) has been a significant driver for India's dairy industry. These products include yogurt, probiotic drinks, flavored milk, cheese, and ice cream, which are becoming increasingly popular due to changing consumer preferences for convenience and health. As urbanization continues, more consumers are willing to pay a premium for innovative and ready-to-consume dairy products. The shift from traditional milk and curd to value-added offerings reflects a demand for higher-quality, nutritious, and functional food options. Health-conscious

consumers are particularly inclined toward probiotic and fortified dairy products, which are perceived to offer health benefits like improved digestion and better immunity. The dairy industry is also tapping into the demand for organic and low-fat variants to cater to health-focused segments. The rapid rise in demand for these VAPs has led to increased investments in production and distribution technologies, enhancing product availability across retail channels. The introduction of new flavors, packaging innovations, and fortified options has helped companies cater to a wide range of consumer preferences. This expansion in the VAP segment has made the dairy industry more competitive and is expected to continue its growth trajectory in the coming years.

Export Potential

India's dairy industry holds significant export potential, driven by both surplus production and competitive pricing. India is the world's largest producer of milk, and much of this surplus is being exported to regions such as the Middle East, Southeast Asia, and Africa. The growing demand for dairy products in these regions, coupled with India's ability to produce milk at a lower cost compared to other global producers, makes it an attractive supplier. India's milk production surpasses domestic consumption, creating a growing export market for products like ghee, skimmed milk powder, and other dairy items. In particular, the Middle East is a key market for Indian dairy exports due to the large South Asian expatriate population who prefer dairy products from their home country. Furthermore, India's dairy exports are supported by favorable trade agreements and the government's emphasis on the promotion of dairy exports. As global demand for dairy products continues to rise, India's export market is expected to expand, contributing to the industry's growth. However, challenges such as international standards and regulations must be addressed to tap into premium export markets effectively.

Rising Demand for Functional & Organic Dairy Products

Consumer preferences in India are shifting towards functional and organic dairy products due to increased health awareness. Functional dairy products, such as probiotic yogurt, fortified milk, and lactose-free products, are gaining popularity as consumers become more concerned about digestion, immunity, and overall well-being. The demand for organic dairy products is also on the rise as more consumers seek natural, chemical-free alternatives to conventional dairy. This trend is being driven by increasing awareness of the potential health risks of additives, preservatives, and hormones used in conventional dairy farming practices. As a result, organic dairy farms and production facilities are growing in number, and consumers are willing to pay a premium for certified organic dairy items. Additionally, the rise of urban health-conscious millennials, who prefer products with added nutritional value, is contributing to the surge in demand for functional dairy products. Companies are responding to these trends by introducing a wide range of fortified and functional products to meet consumer expectations for health benefits, further fueling growth in the sector.

Growth in Foodservice Industry

The foodservice industry in India, including quick-service restaurants (QSRs), hotels, and bakeries, has seen rapid growth in recent years, significantly contributing to the demand for dairy products. As the foodservice sector expands, the use of dairy ingredients such as cheese, butter, cream, and milk has surged. For example, the growing popularity of pizza chains, cafes, and ice cream parlors has directly led to higher demand for cheese, while the rise of coffee shops has driven demand for milk-based beverages. In addition, the increasing number of quick-service restaurants (QSRs) and the growing middle class are contributing to greater consumption of dairy-based dishes, including dairy-based desserts and snacks. The hotel and restaurant industry, which relies heavily on dairy products in cooking, also contributes to the sector's growth. As disposable incomes increase and urbanization rises, dining out has become more common, further boosting the consumption of dairy ingredients in the foodservice industry. This demand from the foodservice sector is expected to continue, providing a stable growth driver for the dairy industry in India.

Private Sector Investment

Private sector investment in the dairy industry is crucial for its growth and modernization. Large dairy companies are making significant investments in farm mechanization, research and development, and brand-building efforts to capture

a larger market share. These investments are improving the efficiency of dairy farming practices, optimizing milk production, and expanding the range of value-added products available to consumers. Moreover, dairy companies are investing in modern processing plants, cold storage infrastructure, and distribution networks to ensure the freshness and availability of dairy products across both urban and rural markets. The expansion of large dairy cooperatives and private dairies is helping to professionalize the sector, leading to better management practices and higher standards of quality. Additionally, the competitive landscape has encouraged innovation, with companies developing new flavors, packaging, and marketing strategies to differentiate themselves in the market. This increased investment is helping the dairy sector scale up and meet the growing consumer demand for diverse and high-quality dairy products.

8 Threats and Challenges for the Dairy Industry

Rising Feed and Input Costs

The increasing cost of animal feed and other inputs like medicines and equipment is a significant concern for dairy farmers. The prices of key feed ingredients, such as soybeans and corn, are volatile and heavily influenced by global markets. Rising input costs place financial pressure on farmers, especially smallholders, limiting their profitability and ability to expand operations. As input costs rise, many farmers are forced to reduce herd sizes, which can lower milk yields. To counter this, improved access to affordable feed, subsidies, and cost-effective veterinary services are essential to ensuring farmers' financial sustainability and industry growth.

Fragmented Supply Chain and Lack of Infrastructure

India's dairy supply chain is highly fragmented, with millions of small-scale farmers providing milk to cooperatives. This decentralization results in inefficiencies in milk collection, processing, and distribution, contributing to milk spoilage and wastage. The absence of a robust cold chain infrastructure further exacerbates the issue, making it difficult to transport milk and dairy products efficiently. Poor storage facilities lead to quality degradation and loss of perishable products. Investment in modernizing the supply chain, improving transport infrastructure, and establishing cold storage units is crucial to reducing wastage and enhancing product quality across the dairy sector.

Quality Control and Standardization

Ensuring consistent milk quality across India's diverse dairy sector is a significant challenge. The unorganized sector, which accounts for a substantial portion of production, often lacks proper quality control mechanisms. This leads to variations in milk quality, raising concerns about contamination and adulteration. The absence of stringent standards results in consumer trust issues, hindering the growth of branded dairy products. To address this challenge, improving quality control measures, setting national standards, and enforcing them across the supply chain are crucial. Standardizing processes will help maintain product quality, boost consumer confidence, and drive industry growth.

Animal Health and Disease Management

Disease outbreaks like Foot-and-Mouth Disease (FMD) and Brucellosis pose significant risks to dairy production. Poor veterinary care, inadequate health management practices, and limited access to medicines exacerbate the impact of diseases. Animal health issues can result in reduced milk yields, affecting farmers' incomes and overall production. Furthermore, the spread of disease can severely disrupt the supply chain and lead to food safety concerns. To mitigate this, strengthening veterinary infrastructure, implementing better health management systems, and ensuring timely vaccinations are essential to prevent disease outbreaks and safeguard dairy production in India.

Climate Change and Environmental Factors

Climate change is increasingly impacting dairy farming, affecting milk production and livestock health. Extreme weather conditions, such as rising temperatures and erratic rainfall, lead to reduced milk yields and poor reproduction rates. In addition, changing climate patterns affect feed production, increasing feed costs. Livestock exposed to higher temperatures may suffer from heat stress, which lowers milk production and overall productivity. To address these challenges, adopting climate-resilient farming practices, improving water management, and investing in temperature-controlled housing for livestock can help mitigate the adverse effects of climate change on dairy farming.

9 SWOT analysis for the Dairy Industry

Table 8: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Enhanced milk production and availability, aiding the growth of milk processing. Improved consumer purchasing power, supporting demand for dairy products. Improved transportation infrastructure for efficient milk and dairy movement. Increasing availability of indigenously manufactured dairy equipment. Many dairy plants and growth in private sector dairy plants. A vast pool of skilled and qualified manpower. India's natural resources offer significant potential for dairy industry growth and development 	<ul style="list-style-type: none"> Tropical climate conditions affecting consistency in milk production. Seasonal fluctuations in milk production patterns. Variations in milk quality due to different species (buffalo, cow, goat, etc.). Limited marketing avenues for dairy products
Opportunities	Threats
<ul style="list-style-type: none"> Expanding export potential for both traditional and western milk products. Growing demand for fluid milk and value-added products. By-product utilization for import substitution. Employment generation within the dairy sector. Liberalized dairy sector policies. Large reserves of unconventional feeds and fodder resources. Diverse germplasm with heat tolerance, disease resistance, and adaptability to stress conditions. Available technologies for faster development in animal production. Potential for creating an integrated marketing structure for milk and dairy products. Improved livestock marketing through regulated markets. Enhanced market information systems for milk and dairy products 	<ul style="list-style-type: none"> The influx of foreign dairy products into the Indian market. Rising chemical contaminants and residual antibiotics in milk. Poor microbiological quality of milk. Export of quality feed ingredients (e.g., cakes) impacting domestic feed industry. Grazing pressure leading to land degradation. Extinction of indigenous cattle breeds due to excessive crossbreeding programs. The potential exploitation of liberalization by multinational companies, which may lead to milk shortages and adversely impact consumers

Source: CareEdge Research

10 Peer Mapping

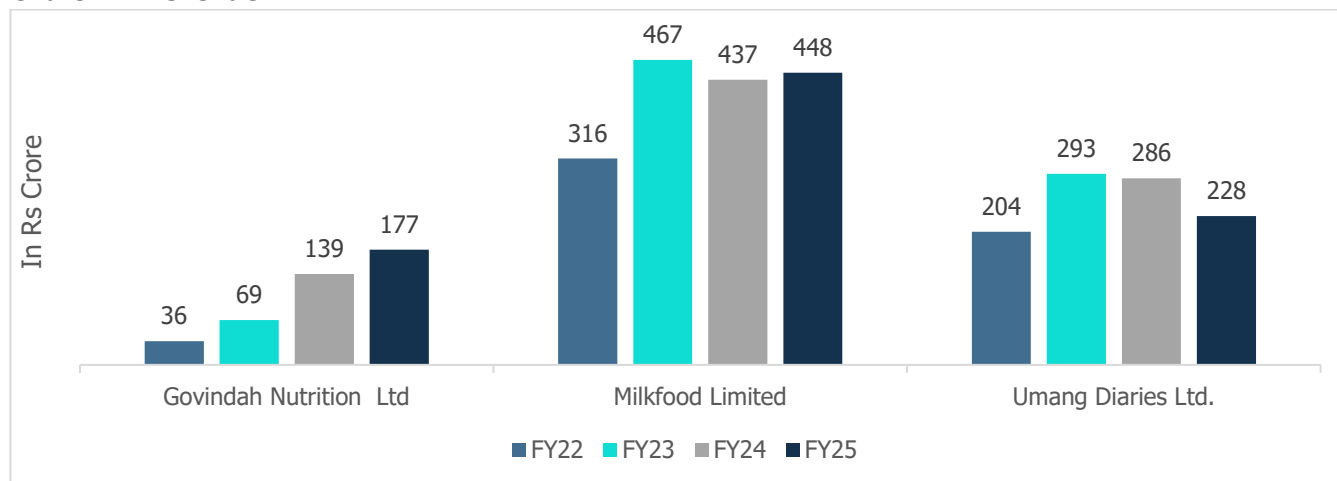
10.1 Overview

Company Name	Overview
Govindah Nutrition Limited	Govindah Nutrition Limited, incorporated on November 7, 2017, is a dairy products company based in Indore, Madhya Pradesh, India. The company focuses on building a mass premium dairy brand in central India. Their product line includes liquid milk and value-added dairy products. The company is led by Vishal Jaiswal, MD.
Milkfood Limited	Incorporated in 1973, Milkfood Limited is an Indian dairy company headquartered in New Delhi, with manufacturing facilities in Patiala, Punjab, and Moradabad, Uttar Pradesh. As part of the Jagatjit Group of Industries, the company produces dairy products such as pure ghee, skimmed and full cream milk powders, edible grade acid casein, demineralised whey powders, and dairy creamers. These products serve various industries, including confectionery, bakery, and nutritional supplements
Umang Dairies Ltd	Umang Dairies Limited, established in 1994, is a subsidiary of Bengal & Assam Company Limited and a part of the J.K. Organisation, a diversified conglomerate with over 125 years of legacy. Headquartered in New Delhi, India, the company specializes in procuring cow milk, primarily from Uttar Pradesh, and processing it into various dairy products. Their product range includes ghee, milk powder, dairy creamers, fresh cream, flavoured milk, lassi, and curd, marketed under brands like Umang Ghee, White Magik, and MilkStar

Source: CareEdge Research

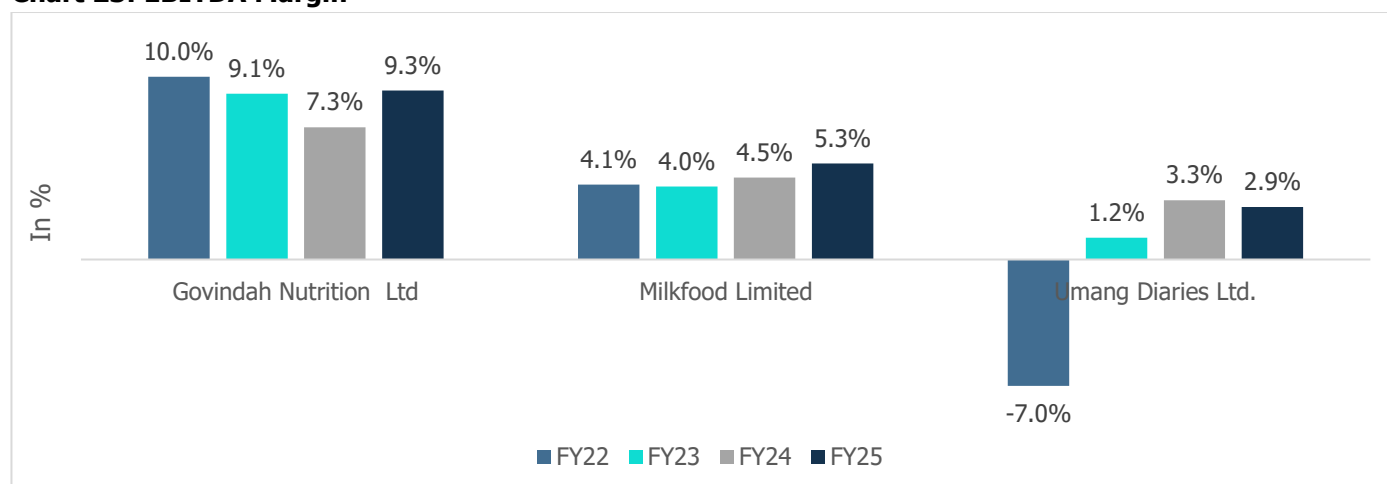
10.2 Financial Benchmarking

Chart 22: Revenue



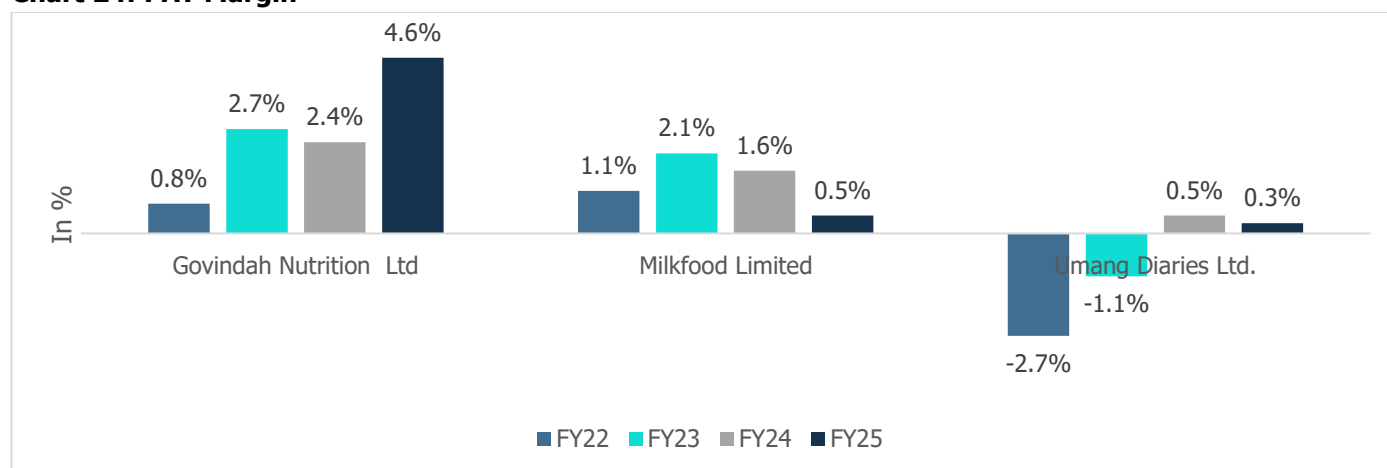
Source: Company Reports, CareEdge Research

In FY25, Govindah Nutrition Ltd reported a 26.9% year-on-year revenue growth as against 2.5% y-o-y growth of Milkfood Ltd and 20.3% y-o-y decline of Umang Dairies Ltd.

Chart 23: EBITDA Margin


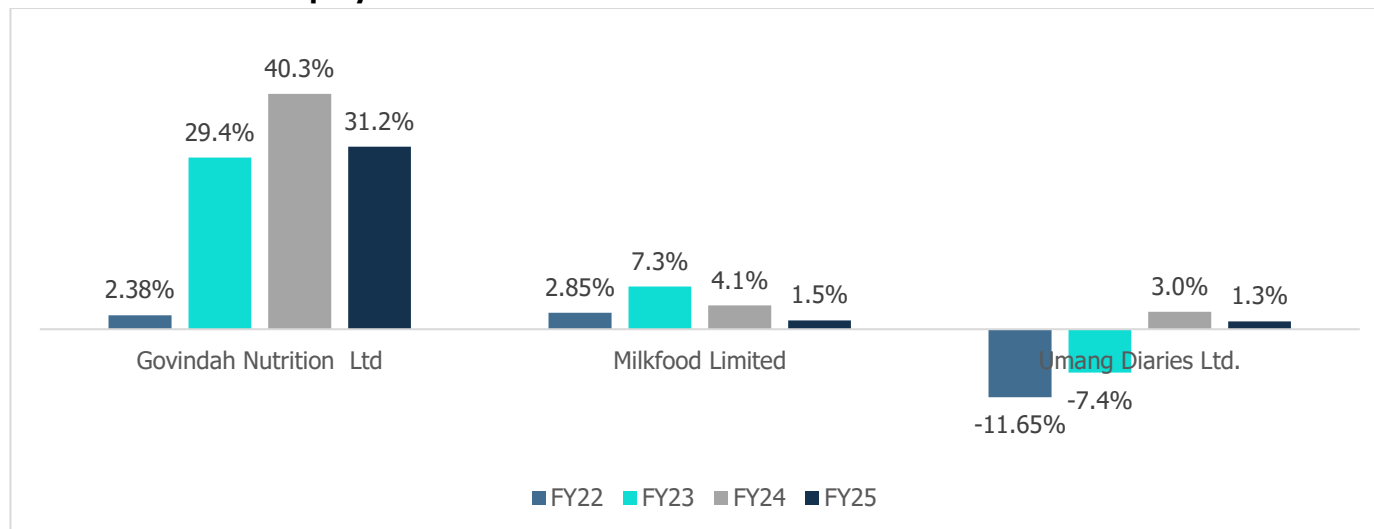
Source: Company Reports, CareEdge Research

In FY25, Govindah Nutrition reported a 9.3% EBITDA margin, grown by 200 bps y-o-y as against 80 bps y-o-y growth of Milkfood and 40 bps y-o-y decline of Umang Dairies.

Chart 24: PAT Margin


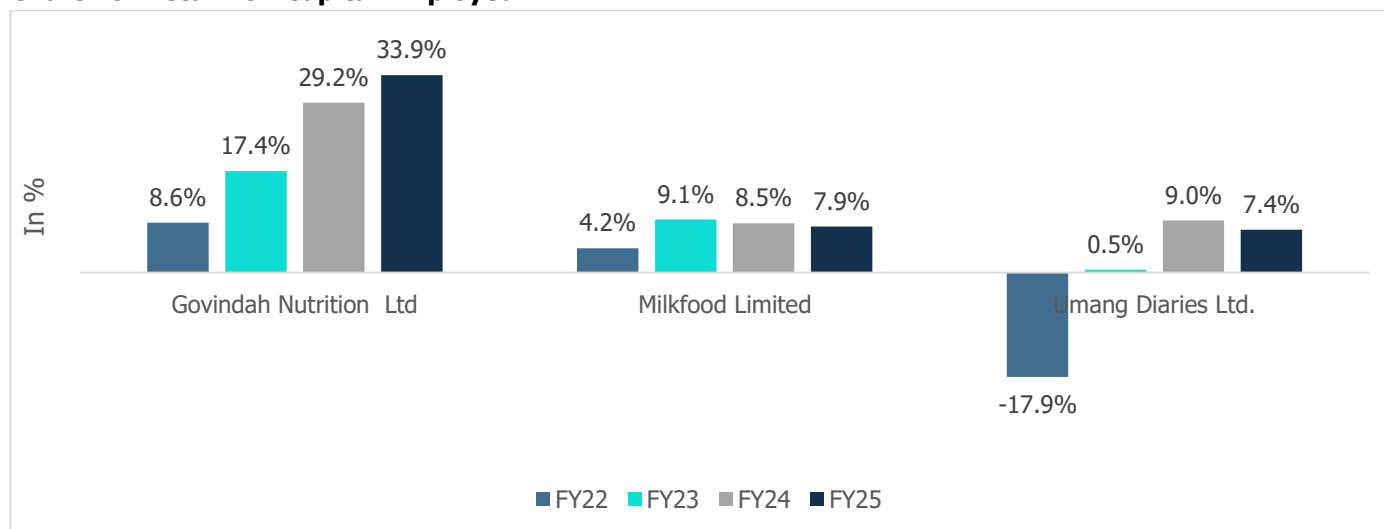
Source: Company Reports, CareEdge Research

In FY25, Govindah Nutrition reported a 4.6% PAT margin, grown by 220 bps y-o-y as against 110 bps y-o-y decline of Milkfood Ltd and 20 bps y-o-y decline of Umang Dairies Ltd.

Chart 25: Return on Equity


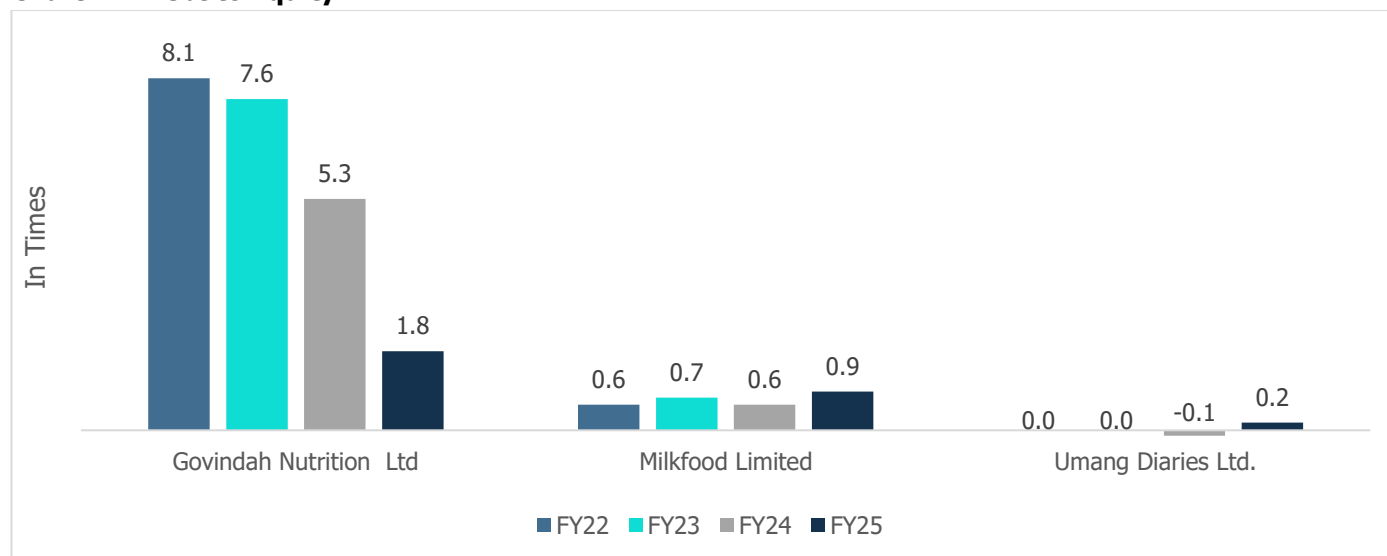
Source: Company Reports, CareEdge Research

Among the selected peers, Govindah Nutrition has delivered a healthy return to its shareholders, with an average ROE of 34% over the last three years.

Chart 26: Return on Capital Employed


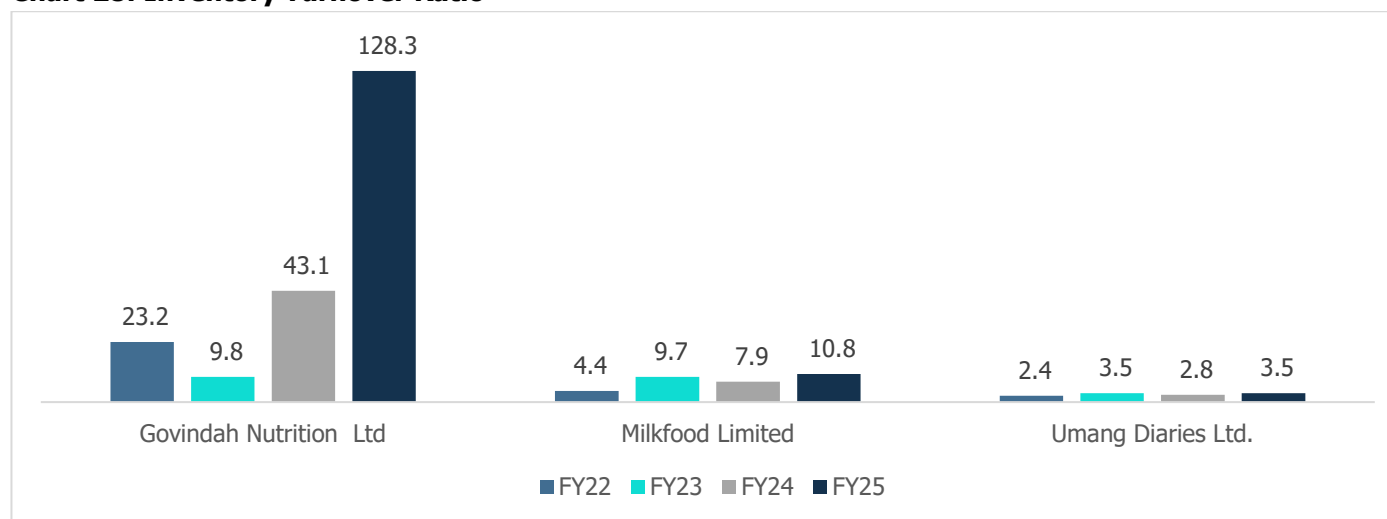
Source: Company Reports, CareEdge Research

Govindah Nutrition achieved a ROCE of 33.9% in FY25 as against 7.9% of Milkfood and 7.4% of Umang Dairies.

Chart 27: Debt to Equity


Source: Company Reports, CareEdge Research

Goviandah Nutrition's DE ratio has reduced in FY25 to 1.8 compared to 5.3 in FY24.

Chart 28: Inventory Turnover Ratio


Source: Company Reports, CareEdge Research

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