

# A Study On Role Of NABARD In Development Of Indian Dairy Industry

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## Abstract

India is the largest producer of milk in the world, and the dairy industry is an important source of income for millions of rural households. This article examines the role of the National Bank for Agriculture and Rural Development (NABARD) in the development of the Indian dairy industry. NABARD, as a development bank, has played a key role in providing financial assistance and technical support to various stakeholders in the dairy value chain.

This article highlights NABARD's initiatives in promoting dairy entrepreneurship, facilitating access to credit, and promoting modernization and innovation in the dairy sector. These initiatives by the organisation have helped to increase milk production, improve milk quality, and enhance the livelihoods of dairy farmers and rural communities.

The article also focuses on the various interventions by NABARD, such as promoting the use of technology, providing training and capacity building, and supporting the development of market linkages for the development of the Indian dairy industry.

Overall, the article concludes that NABARD has played a critical role in the development of the Indian dairy industry, and that its continued support will be essential for realizing the full potential of this sector.

**Keywords:** NABARD, Dairy sector, initiatives, schemes, programmes, rural livelihood, rural economy, rural farming, development, promotion, impact, financing, sustainable development, capacity building, policy, research, quality, animal husbandry.

## Introduction

The National Bank for Agriculture and Rural Development (NABARD) plays a significant role in the development of the Indian dairy industry. India is the world's largest milk-producing country, and the dairy industry is a significant contributor to the country's economy.

NABARD was established in 1982 with the aim of promoting rural development by providing credit and other financial services to farmers, rural entrepreneurs, and institutions. The organization operates with a mandate to facilitate sustainable rural development by providing credit, technical assistance, and other support services to agriculture and allied activities, including dairy farming.

In addition to providing credit, NABARD also offers technical assistance to dairy farmers through its Dairy Entrepreneurship Development Scheme (DEDS). The scheme aims to encourage entrepreneurship in the dairy sector by providing training and support to individuals and groups interested in setting up dairy farms or related businesses. Under the DEDS, NABARD provides financial assistance to eligible candidates for activities such as the purchase of milch animals, construction of sheds, and other essential facilities.

NABARD also supports the dairy sector by promoting research and development activities in the industry. The organization funds various research projects and conducts surveys and studies to identify gaps in the dairy sector and opportunities for growth. By identifying emerging trends and technologies, NABARD helps dairy farmers and cooperatives to stay abreast of market developments and adopt best practices for increased efficiency and profitability.

NABARD has also played a key role in promoting the export of dairy products from India. The organization has provided financial assistance to dairy processing companies to upgrade their facilities and meet international quality standards. This has enabled Indian dairy products to compete in the global market and increase their export earnings.

Through its interventions, NABARD has contributed significantly to the growth of the Indian dairy industry, which has witnessed a considerable increase in milk production and the number of milk processing units. The development of the dairy industry has also led to the creation of employment opportunities in rural areas and improved the livelihoods of farmers and rural entrepreneurs.

**NABARD's Impact on the Indian Dairy Industry:** The organization has played a key role in the establishment of milk collection and chilling centres, which are critical to ensuring the quality and safety of milk produced in rural areas. NABARD has also supported the construction of dairy processing plants and cold storage facilities, enabling dairy farmers and cooperatives to preserve and market their products more efficiently. NABARD also promotes the adoption of modern dairy farming practices, such as scientific breeding, feeding, and animal healthcare. The following are the areas that shows significant role of the organisation in development of Indian dairy industry:

1. **Milk Production:** NABARD's dairy development programs have helped increase milk production in India by providing financial assistance for setting up new dairy units, improving the infrastructure of existing ones, and promoting the adoption of new technologies.
2. **Milk Processing:** NABARD's Dairy Processing and Infrastructure Development Fund (DIDF) has helped increase the capacity of milk processing facilities in India, making it easier for dairy farmers to sell their milk at fair prices.
3. **Milk Quality and Safety:** NABARD's Strengthening of Infrastructure for Quality & Clean Milk Production (SIQ&CMP) program has helped improve the quality and safety of milk in India through infrastructure development and training programs for dairy farmers.
4. **Rural Livelihoods:** NABARD's dairy development programs have helped create new employment opportunities in rural areas by promoting entrepreneurship and small-scale dairy farming.
5. **Financial Inclusion:** NABARD's dairy development programs have helped increase financial inclusion in rural areas by providing access to credit and other financial services for dairy farmers and entrepreneurs.

**Role of NABARD in Providing Financial Assistance to Indian Dairy Industry:** NABARD provides financial assistance to the dairy cooperatives by offering subsidized credit through its Rural Infrastructure Development Fund (RIDF), which helps them to invest in infrastructure and other essential facilities. Following are the financial assistance provided by NABARD:

1. **Dairy Entrepreneurship Development Scheme (DEDS):** Provides subsidy and loan to set up dairy farms, modernization of existing dairy farms, purchase of milking machines, construction of dairy sheds, etc.
2. **Rural Infrastructure Development Fund (RIDF):** This fund provides loans to state governments for developing rural infrastructure, including dairy-related infrastructure such as milk collection centres and chilling units.
3. **Strengthening Infrastructure for Quality and Clean Milk Production (SIQCM):** Provides financial assistance for setting up of milk processing plants, milk chilling units, bulk milk coolers, electronic milk testers, etc.
4. **Dairy Processing and Infrastructure Development Fund (DIDF):** Provides low-cost loans to dairy cooperatives for upgrading processing facilities, expanding marketing infrastructure, and increasing milk procurement from farmers.
5. **Interest Subvention Scheme for Animal Husbandry and Fisheries:** Provides interest rate subsidies to dairy farmers who take loans for animal husbandry and dairy activities.

6. **Dairy Venture Capital Fund (DVCF):** Provides venture capital to innovative dairy entrepreneurs for setting up of new ventures or expansion of existing businesses in the dairy sector.
7. **National Livestock Mission (NLM):** NABARD provides financial assistance under this mission for various livestock-related activities, including dairy farming. The assistance includes the purchase of milch animals, construction of sheds, and other infrastructure development activities.

**Table 1: NABARD's Financial Support to Indian Dairy Industry**

Year	Financial Support (in crores)	Description
2019	19,702	NABARD provided financial assistance to dairy cooperatives and milk unions for the establishment of bulk milk coolers, milk processing plants, and other infrastructure facilities.
2018	16,000	NABARD supported the development of the dairy sector through the Dairy Entrepreneurship Development Scheme (DEDS), which provides credit facilities for dairy farming and milk processing activities.
2017	13,000	NABARD provided financial assistance to dairy cooperatives and milk unions for the establishment of milk processing plants and other infrastructure facilities.

**Capacity Building and Skill Development Programmes by NABARD:** The organisation has played a crucial role in capacity building and skill development in Indian dairy industry by initiating various programmes.

1. **Farmer Producer Organizations (FPOs):** NABARD has been promoting the formation of FPOs to bring small and marginal dairy farmers together and provide them with training on modern dairy farming practices, breeding techniques, animal health, and nutrition management.
2. **Dairy Training Institutes:** NABARD has established dairy training institutes in various parts of the country to impart training to dairy farmers, entrepreneurs, and extension workers on various aspects of dairy farming and milk processing.
3. **Dairy Entrepreneurship Development Program (DEDP):** NABARD has been conducting the DEDP to provide training and support to dairy entrepreneurs on business planning, market linkages, and financial management.
4. **International Training Programs:** NABARD has been organizing international training programs for dairy professionals and farmers to expose them to the latest developments in the global dairy industry.

**Role of NABARD in Policy Advocacy and Research in Indian Dairy Industry:** NABARD plays an important role in policy advocacy and research in the Indian Dairy Industry. Following table shows the ways in which the organisation supports the development of the Indian dairy industry.



**Table 2: Role of NABARD in Policy Advocacy and Research in Indian Dairy Industry**

<b>Policy Advocacy and Research Activities by NABARD</b>	<b>Description</b>
Policy Advocacy	NABARD has been actively advocating policies that promote the growth and development of the Indian dairy industry. It has been working closely with the government, industry associations, and other stakeholders to identify policy gaps and suggest solutions.
Research and Development	NABARD has been funding research projects on various aspects of dairy farming, milk processing, and marketing. It has been collaborating with research institutions and universities to identify new technologies and best practices that can be adopted in the Indian context.
Knowledge Dissemination	NABARD has been disseminating knowledge and information on the latest developments in the dairy industry through various channels, such as seminars, workshops, publications, and online platforms.

**NABARD's role in promoting dairy cooperatives in India:** NABARD has played a significant role in promoting dairy cooperatives in India. Following table shows how NABARD has supported the growth of dairy cooperatives in India.

**Table 3: NABARD's role in promoting Dairy Cooperatives in India**

<b>Dairy Cooperatives Supported by NABARD</b>	<b>Description</b>
National Dairy Development Board (NDDB)	NABARD has provided financial assistance to NDDB, which is responsible for promoting and developing dairy cooperatives in India, including the famous Amul cooperative. NDDB provides technical and financial assistance to dairy cooperatives and helps them in milk procurement, processing, and marketing.
Milk Producers' Cooperative Societies (MPCSs)	NABARD provides financial assistance to MPCs for setting up milk collection centres, chilling units, and other infrastructure development activities. NABARD also provides loans to MPCs for milk procurement and processing activities.
State Cooperative Milk Federations (SCMFs)	NABARD has provided financial assistance to SCMFs for setting up dairy processing plants, milk collection centres, and other infrastructure development activities. SCMFs are responsible for procuring milk from MPCs and selling it to dairy processing plants.

## Conclusion:

The role of NABARD in the development of India's dairy industry cannot be overstated. The Indian dairy industry has benefited greatly from the support provided by NABARD. The organization has played a crucial role in providing credit facilities, promoting dairy cooperatives, and encouraging the use of modern technology and best practices. NABARD has helped in achieving the objectives of inclusive and sustainable rural development.

NABARD's initiatives have helped to increase productivity, efficiency, and profitability in the sector, providing a livelihood to millions of farmers, increase the income of small and marginal farmers, and contributing significantly to the nation's economy. By providing financial assistance, technical support, and promoting research and development, NABARD has been instrumental in transforming India's dairy industry into a global leader. The dairy industry in India has a bright future, and NABARD will continue to play an important role in its development.

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