

Organic Milk

About Organic Milk: Organic milk refers to milk from livestock that has been raised following the organic farming practices. The dairy farm should be certified as organic. In India the certification is provided under NPOP, (National Program for Organic Production).

Certification requires that livestock be allowed to graze on pest-free and fertilizers-free pasture or be fed organic certified feed, and that the animals not be treated with drugs in general. However, in some cases it can be allowed for specific purposes, *for example; Aspirin may be allowed to reduce inflammations and Ethanol as disinfectant/ sanitizers but not as feed additive*¹. The idea is to limit the use of synthetic drugs without withholding the treatment of the animals.

About the opportunity:

Currently estimated at \$ 500 million (Approx. Rs. 33,500 Crores), the organic food market in India is estimated to jump to \$1.36 billion (Approx. Rs. 91,000 Crores) by 2020².

India's appetite for upscale food products has seen a raise as evident by the proliferation of imported food brands such as Dolce Vita, Parthenon, Danesi Cafe, etc. Also, the health conscious younger generation is willing to pay the extra premium to get the healthiest of the foods available to their tables.

Challenges:

- Converting inorganic land into organic land is one of the most challenging aspects of the organic farming. Experts believe it takes three years to convert farm land from inorganic to organic.
- Certification paperwork and compliance costs, for less educated farmers compliance may be the major challenging aspect of organic milk production.
- Other challenges may include; finding organic input sources (*feed*), relatively higher costs of production, and maintaining animal health.

Major players in the market³:

- **Pride of Cows** (Parag milk foods Ltd.): Priced at Rs 80 a litre, Pride of Cows has 9,000 daily customers in Mumbai and Pune.
- **Sarda Farms:** Sarda Farms priced at Rs 72/ litre currently produces 7,000 litres a day and has more than 1,000 daily customers in Nashik.
- **Wholly Cow:** Owned by the Landmark Group, launched their Rs 70-a-litre Wholly Cow milk in mid-2012 in Gurgaon, but it's now available in South Delhi and Faridabad and has over 1,500 customers
- **Astra Dairy:** Priced at 65/L is available at a minimum subscription of 30 days. Started in 2013, Astra dairy was one of the first organic dairy providers in South India to start supplying

¹As per NPOP revised – 2014 norm no. 5 (i)

²Source: A joint study by ASSOCHAM and TechSci Research Year - 2016

³Source: The telegraph – January, 2014

milk in glass bottles. As per the latest updates they deliver milk to around 1500 homes across Chennai⁴.

Report coverage:

1. Market assessment
2. Organic farming requirements- minimum land, feed, medicines.
3. Certifications (Procedures, requirements,)
4. Competitive landscape in your area and key product profile
5. Quotes from suppliers for certified feed and tools.
6. Machinery required / Quotes from suppliers
7. Advice on initial viable capacity
8. Cost economics- cost per litre of produce and breakeven
9. Financials includes working capital, Animal purchase, Animal health and welfare, Transportation and dealership charges, Credit period, etc.
10. Profitability projections for the coming years

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⁴Source: YOURSTORY – May, 2016