

DAIRY FARMING

1. INTRODUCTION

India derives nearly 33% of the gross Domestic population from agriculture and has 66% of economically active population, engaged in agriculture. The share of livestock product is estimated at 21% of total agriculture sector. The fact that dairying could play a more constructive role in promoting rural welfare and reducing poverty is increasingly being recognised. Milk production alone involves more than 70 million producers, each raising one or two cows/ buffaloes primarily for milk production. The domesticated water buffalo is one of the gentlest of all farm animals, hence it can be bred easily. The dairy sector offers a good opportunity to entrepreneurs in India. India is a land of opportunity for those who are looking for new and expanding markets. Growth prospects in the dairy sector are very bright.

2. MARKET

Dairy development in India has been acknowledged the world over as one of modern India's most successful development programme. India is the second largest milk producing country with anticipated production of about 78 million tons during 1999-2000. The production of milk products stood at 3.07 lakh tonnes in 1999-2000. Production of milk powder including infant milk food has risen to 2.25 lakh tons in 1999-2000, whereas that of malted food is at 65000 tons. Off late market for milk products is showing a steady increase.

3. MANUFACTURING PROCESS

Modern and well established scientific principles, practices and skills should be used to obtain maximum economic benefits from dairy farming. Some of the major norms and recommendations are: Care full selection of animals, feeding of animals, milking of animals

4. PRODUCTION CAPACITY PER ANNUM

Capacity	28000 Ltrs per annum
Selling Price	Rs. 16 Per kg

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	1500
2	Fixed Capital	440000
3	Working Capital for 1 month(s)	20200
	Total Project Cost	461700

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	69255
2	Subsidy /Soft Loan	20%	92340
3	Term Loan	65%	300105
	Total		461700

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented 1500 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Buffellows Nos	20	20000	400000
2	Shed	1	20000	20000
3	Milk testing machine Lum	1	20000	20000
	Total			440000

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Supervisor/Entrepreneur	1	2500	2500
2	Skilled	1	2000	2000
3	Unskilled	2	1200	2400
	Total			6900

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	Feed	Kgs	2200	4	8800
	Total				8800

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	500
2	Water	LS	500
	Total		1000

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	500
2	Transportation Expenses	1000
3	Miscellaneous Expenses	500
	Total	2000

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	1500
2	Salaries and Wages	6900
3	Raw Material	8800
4	Utilities	1000
5	Other Expenses	2000
	Total	20200

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	242400
2	Depreciation @ 15%	66000
3	Interest @ 12%	36013
	Total	344413

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1		Ltrs per annu	28000	16	448000
	Total				448000

10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	66000
2	Interest	36013
3	Rent	18000
4	Salaries & Wages @ 40%	33120
5	Other Expenses incl. Utilities @ 40%	14400
	Total	167533

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	103587
2	Percentage of Profit on Sales		23%
3	Percentage of Return on Investment		22%
4	Break Even Point		62%