Indian Economy · GS - III

Rising input costs in the dairy sector have implications for both farmer incomes and consumer affordability. Analyse the structural factors driving milk price increases in India and suggest measures to ensure a sustainable and inclusive dairy economy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 14/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Dairy economy, cattle feed inflation, fodder availability, procurement prices, farmer remuneration, cooperative model, cold-chain infrastructure, productivity, consumer affordability, value-chain efficiency.

Model Answer

Introduction

India is the world's largest milk producer, and dairying is an important source of rural livelihoods and nutritional security. Rising feed, fodder and operational costs can create pressure on milk prices.

Factors Driving Price Increases

- **Input-cost inflation:** Higher prices of cattle feed, fodder and veterinary services increase production expenses.
- **Farmer remuneration:** Higher procurement prices improve producer incomes but raise processing costs.
- **Operational expenses:** Packaging, transportation, refrigeration and electricity add to the final retail price.

- **Supply constraints:** Seasonal fluctuations, low animal productivity and inadequate fodder availability affect milk supply.

Challenges

Price increases can reduce affordability for low-income households, while inadequate price realisation can discourage dairy farmers. Small producers also face constraints in accessing organised markets and modern infrastructure.

Way Forward

Strengthen dairy cooperatives, improve animal productivity through scientific breeding and veterinary care, promote fodder cultivation and invest in decentralised chilling and cold-chain infrastructure. Transparent pricing and targeted nutritional support can protect vulnerable consumers.

Conclusion

A sustainable dairy economy requires balancing fair returns to farmers with affordable milk for consumers through productivity improvements and efficient value chains.

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