

DETAILED PROJECT REPORT ON  
**DAIRY FARMING (BUFFALO)**



**SUBMITTED BY:**

**PROMOTER NAME**

XXXXXXXXXXXXXXXXXXXX

**PROJECT LOCATION**

XXXXXXXXXXXXXXXXXXXX

**PREPARED BY:**

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**CHAPTER - I**

**PARTICULARS**

**ABOUT THE PROMOTER**

1. Proprietor Name : xxxxxxxxxxxxxxxx
2. Address (Resi.) : xxxxxxxxxxxxxxxx
3. Contact Number : xxxxxxxxxxxxxxxx
4. Date of Birth : xxxxxxxxxxxxxxxx
5. Educational Qualification : xxxxxxxxxxxxxxxx
6. Project Location :xxxxxxxxxxxxxxxxxx
7. Constitution : xxxxxxxxxxxxxxxx
8. Product : xxxxxxxxxxxxxxxx
9. Experience :xxxxxxxxxxxxxxxxxx

## **CHAPTER – II**

### **PROJECT DESCRIPTION**

#### **Introduction**

Animal husbandry and agriculture are synergistically involved and are the important source of income and employment in rural areas. Among them, dairying provides security to farmers, especially when agriculture fails. Dairy farming is essential to millions of poor households across the country not only as a source of income but also as a major source of protein, supplementary nutrition, fertilizer, fuel and a store of wealth.

Enhancement in milk processing has necessitated the increased demand for milk and this triggered the setting up of many commercial dairy units in medium and small scale in different parts of the country. Introduction of improved technologies, availability of compounded feed are the other factors responsible for this shift from traditional mixed farming production to specialized dairy production system. Dairying with high yielding breeds has generated ample scope for developing the dairy farming on commercial lines as a business enterprise.

#### **Production Technology**

##### **Project Location:**

Dairy farm is located in the area where assured market of milk round the year is available. It is easily accessible to the main road.

##### **Feed & Fodder cultivation:**

Fertile land with assured irrigation facilities is available so that all the seasonal fodder crops could be successfully raised and abundant good quality green fodders will be made available for animal feeding throughout the year.

##### **Water:**

Good quality fresh water for animal drinking and for the cleaning, washing etc. is available

##### **Electricity:**

Adequate supply of electricity is available.

##### **Labour:**

Honest, economic and regular supplies of labours are available.

**Veterinary Aid:** Veterinary Hospital, Artificial Insemination Center/livestock Aid Centers is available close to dairy farm

### **CHAPTER – III**

#### **MARKET POTENTIAL**

Milk is one of the widely and extensively used items in Indian cuisine throughout country. India has the privilege to be the largest producer of liquid milk but still there is a gap between demand and supply

The country production of milk is one hundred and twelve million ton and there is increase of production of milk in the country at the rate of 3.5 million ton per year but it is not enough to meet the demand in the country of milk which is increasing at the rate of six million ton per year. So this is massive gap of demand and supply of milk.

With milk product exports forming around 5 per cent of India's total milk production, and domestic demand for dairy products remaining strong, there is the demand-supply gap. The demand for milk and value-added dairy products in the domestic market has been growing at over 6 to 8 per cent per annum because of increasing income, rising aspirations, and consequent growth in per capita milk consumption.

The demand for milk more than doubled on the religious occasion like MahaShivratri. There is good demand of milk during peak wedding season also.

Milk can be sold to milk cooperative societies as well as entrepreneur can develop his network of consumers. Milk can be sold in the immediate market directly to customers, hotels, hospitals, sweet makers etc. Hotels and some general customers (can be around 30%) prefer pure buffalo milk where as hospitals, sanitariums prefer cow's milk. One can reach buy back agreement with either district milk union or with private milk marketing company

## **CHAPTER – IV**

### **SWOT ANALYSIS**

#### **Strengths:**

- Buffalo is India's milking machine, accounting for more than half of the country's milk production
- Urbanisation, burgeoning population, raise in per capita income and change in food habits which leads to increased consumption of milk
- Whitening property of buffalo milk makes it more suitable for manufacture of some dairy products and its acceptance as fluid milk is high.
- Provide regular income to the farmer.
- Provide employment to rural population mainly women.
- Dairy farming helps directly in increasing crop production by making available draught power, manure and cash income on day- today basis.
- Additional income improves the quality of life in rural areas.
- Favorable Government policies for development of livestock sector

#### **Weakness:**

- Feed availability to cattle throughout the year is not adequate.
- Frequent disease outbreaks
- Lower productivity of Animals
- Labour shortage and high wage rate in dairy farming
- Limited investment or delay in the availability of funds in setting up or expansion of milk procurement.
- Poor infrastructure in many areas for transporting rurally-produced milk to major processing centers.

#### **Opportunities:**

- Cost of milk production in India is low.
- Scope exists for higher milk yield through better use of crop residues and other feeds upgrading cattle.
- Improving availability of animal health care facilities
- Better returns because of increased awareness in consumers about milk quality.

- Good scope exists for value-added products like desserts, puddings, custards, sauces, mousse, stirred yogurt, nectars and sherbets.
- Latest packaging technology can help retain nutritive value of packaged products and extend their shelf-life.

**Threats:**

- Natural calamities like floods, drought, diseases that can affect feed to cattle population.
- Seasonal fluctuations in milk production
- Dwindling fodder resources

**CHAPTER- V**  
**ECONOMICS OF THE PROJECT**

**A. PROJECT PROFILE (Financial)**

| Sr. No. | PARAMETERS                  | VALUE         |
|---------|-----------------------------|---------------|
| 1       | Breed                       | Murrah        |
| 2       | Unit Size                   | 30            |
| 3       | Product                     | Milk, Mannure |
| 4       | Cost of the project         | 60,52,773     |
| 5       | Bank loan                   | 45,39,580     |
| 6       | Own Contribution            | 15,13,193     |
| 7       | Financial Indicators        |               |
|         | BC R                        | 2.29 :1       |
|         | N P W 15% (Rs.)             | 1,70,08,482   |
|         | I R R %                     | 76.25         |
|         | Average DSCR                | 5.1           |
| 8       | Interest Rate (% per annum) | 12.0          |
| 9       | Repayment                   | 5 years       |



## B. BASIS & PRESUMPTIONS

| Sr. No.     | Particular  | Unit                 | Quantity   |
|-------------|---|----------------------|------------|
| <b>I.</b>   | <b>Techno-economic parameters</b>   |                      |            |
| 1           | Floor space per adult animal(sq.ft)   | sq. ft.              | 60         |
| 2           | Floor space per calf (sq.ft)  | sq. ft.              | 20         |
| 3           | Inter-Calving period ( Lactation days 270 + Dry days 150)   | Days                 | 420        |
| 4           | Rate of interest for bank loan ( %)   | Rs.                  | 12.0       |
| 5           | Repayment period  | Years                | 5          |
| 6           | Freshly calved female buffaloes in 1st or 2nd lactation will be purchased in two batches at an interval of 5 to 6 months. |                      |            |
| 7           | Once the young animal reared within the herd that is ready to calve, would replace the oldest animal.                     |                      |            |
| 8           | The animals apart from 1st, 2nd or 3rd lactations are assumed to be sold off to maintain constant herd size.              |                      |            |
| 9           | Male calves are assumed to be sold off  |                      |            |
| 10          | Cost of rearing calves is not considered as it will be nullified by their sale value                                      |                      |            |
| <b>II.</b>  | <b>Expenditure norms</b>  |                      |            |
| 1           | Cost of buffalo including transportation  | Rs./per animal       | 1,00,000   |
| 2           | Cost of concentrate feed  | Rs./kg.              | 20         |
| 3           | Cost of green fodder  | Rs./kg.              | Home grown |
| 4           | Cost of dry fodder  | Rs./kg.              | 10         |
| 5           | Cost of chaff cutter (power operated)   | Rs.                  | 50,000     |
| 6           | Generator Set   | Rs.                  | 50,000     |
| 7           | Cost of equipment per animal  | Rs.                  | 1,000      |
| 8           | No. of unskilled labour required  | Nos.                 | 3          |
| 9           | Cost of one unskilled labour per annum  | Rs.                  | 80,000     |
| 10          | Cost of veterinary aids   | Rs./animal / annum   | 1,500      |
| 11          | Cost of electricity and water   | Rs./month            | 2,500      |
| 12          | Insurance   | % per cost of animal | 5          |
| <b>III.</b> | <b>Income norms</b>   |                      |            |
| 1           | Milk yield per animal per day   | ltrs.                | 15         |
| 2           | Selling price of milk   | Rs.per ltrs.         | 80         |
| 3           | Production of Manure  | tonn/year/cow        | 2          |
| 4           | Cost of Mannure   | Rs. /tonn            | 3,000      |

**C. TOTAL COST OF PROJECT**

| Sr N                       | Particular                                       | Unit       | Unit rate | Quantity           | Amount in Rs.           |
|----------------------------|--|------------|-----------|--------------------|-------------------------|
| <b>I. Capital Cost</b>     |  |            |           |                    |                         |
| 1                          | Land & Site Development                          |            |           |                    |                         |
|                            | Land   |            |           |                    | Own                     |
|                            | Site Development & Fencing                       | Lumpsum    |           |                    | 50,000                  |
|                            |  |            |           |                    | <u>50,000</u>           |
| 2                          | Buildings  |            |           |                    |                         |
|                            | Shelter Shed for adult animal                    | Sq.Ft.     | 926       | 2,809.33           | 26,01,440               |
|                            | Water tank                                       | Lumpsum    |           |                    | 50,000                  |
|                            |  |            |           |                    | <u>26,51,440</u>        |
| 3                          | Cost of Animals                                  |            |           |                    |                         |
|                            | Cost of buffalo including transportation         | Nos.       | 1,00,000  | 30                 | 30,00,000               |
| 4                          | Machinery & Equipments                           |            |           |                    |                         |
|                            | Chaff cutter                                     | Nos.       | 50,000    | 1                  | 50,000                  |
|                            | Generator Set                                    | Nos.       | 50,000    | 1                  | 50,000                  |
|                            | Cost of Equipments                               | Rs./animal | 2,000     | 30                 | 60,000                  |
|                            | Cost of Electrification                          | Lumpsum    |           |                    | 20,000                  |
|                            |  |            |           |                    | <u>1,80,000</u>         |
|                            |  |            |           | <b>TOTAL- A</b>    | <b>58,81,440</b>        |
| <b>II. Working Capital</b> |  |            |           |                    |                         |
|                            | For requirements of expenses for the first month |            |           | <b>TOTAL- B</b>    | <b>1,71,333</b>         |
|                            | <b>Total Cost of the Project</b>                 |            |           | <b>TOTAL (A+B)</b> | <u><u>60,52,773</u></u> |

**D. MEANS OF FINANCE**

| Particular           | Unit | Quantity     | Amount in Rs.           |
|----------------------|------|--------------|-------------------------|
| I. Term loan         | %    | 75           | 45,39,580               |
| II. Own contribution | %    | 25           | 15,13,193               |
|                      |      | <b>TOTAL</b> | <b><u>60,52,773</u></b> |

## E. PROJECTED PROFITABILITY

### I. Feeding Schedule per Day

| Sr. No.      | Feeding Stuff    | Cost/<br>Kg. in<br>Rs. | Lacation Period |               | Dry Period      |               |
|--------------|------------------|------------------------|-----------------|---------------|-----------------|---------------|
|              |                  |                        | Quantity Kg.    | Amount<br>Rs. | Quantity<br>Kg. | Amount<br>Rs. |
| 1            | Concentrate Feed | 20                     | 6               | 120           | 3               | 50            |
| 2            | Green Fodder     | -                      | 20              | Home<br>Grown | -               | Home<br>Grown |
| 3            | Dry Fodder       | 10                     | 10              | 100           | 5               | 50            |
| <b>TOTAL</b> |                  |                        |                 | <b>220</b>    |                 | <b>100</b>    |

### II. Lactation/ Dry Chart

| Particular              | Unit         | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>a Lactation Days</b> |              |              |              |              |              |              |
| First batch             | days         | 3,750        | 4,050        | 4,050        | 4,050        | 4,050        |
| Second batch            | days         | 2,175        | 3,225        | 3,225        | 3,225        | 3,225        |
|                         | <b>TOTAL</b> | <b>5,925</b> | <b>7,275</b> | <b>7,275</b> | <b>7,275</b> | <b>7,275</b> |
| <b>b Dry days</b>       |              |              |              |              |              |              |
| First batch             | days         | 1,875        | 1,425        | 1,425        | 1,425        | 1,425        |
| Second batch            | days         | 0            | 2,250        | 2,250        | 2,250        | 2,250        |
|                         | <b>TOTAL</b> | <b>1,875</b> | <b>3,675</b> | <b>3,675</b> | <b>3,675</b> | <b>3,675</b> |

### III. Projected Profitability

| Sr. No.               | Particular                              | Unit               | Unit rate in Rs. | Quantity         | I year             | II year          | III year         | IV year          | V year           |
|-----------------------|---|--------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
| <b>A. Income</b>      |   |                    |                  |                  |                    |                  |                  |                  |                  |
| I. Sale of milk       |   |                    |                  |                  |                    |                  |                  |                  |                  |
|                       | Total lactation days                    |                    |                  |                  | 5,925              | 7,275            | 7,275            | 7,275            | 7,275            |
|                       | Milk yield per lactation day/<br>animal |                    |                  |                  | 15                 | 15               | 15               | 15               | 15               |
|                       | Total Production of milk                | ltrs               |                  |                  | 88,875             | 1,09,125         | 1,09,125         | 1,09,125         | 1,09,125         |
|                       | Rate of milk                            | Rs/ltrs            |                  |                  | 80                 | 80               | 80               | 80               | 80               |
|                       | Income from sale of milk                |                    |                  |                  | 71,10,000          | 87,30,000        | 87,30,000        | 87,30,000        | 87,30,000        |
|                       | II. Sale of manure                      | Tonn               | 3,000            | 60               | 1,80,000           | 1,80,000         | 1,80,000         | 1,80,000         | 1,80,000         |
|                       |   |                    |                  | <b>TOTAL (A)</b> | <b>72,90,000</b>   | <b>89,10,000</b> | <b>89,10,000</b> | <b>89,10,000</b> | <b>89,10,000</b> |
| <b>B. Expenditure</b> |   |                    |                  |                  |                    |                  |                  |                  |                  |
|                       | Feed during Lactation Period            | per day per animal | 220              | 7,275            | 13,03,500          | 16,00,500        | 16,00,500        | 16,00,500        | 16,00,500        |
|                       | Feed during Dry Period                  | per day per animal | 100              | 3,675            | 1,87,500           | 3,67,500         | 3,67,500         | 3,67,500         | 3,67,500         |
|                       | Cultivation of green fodder             | Acre               | 50,000           | 2                | 1,00,000           | 1,00,000         | 1,00,000         | 1,00,000         | 1,00,000         |
|                       | Electricity, Water                      | Rs./month          | 2,500            | 12               | 30,000             | 30,000           | 30,000           | 30,000           | 30,000           |
|                       | Unskilled workers                       | per annum          | 80,000           | 3                | 2,40,000           | 2,40,000         | 2,40,000         | 2,40,000         | 2,40,000         |
|                       | Veterinary aids                         | per animal         | 1,500            | 30               | 45,000             | 45,000           | 45,000           | 45,000           | 45,000           |
|                       | Insurance                               | %                  | 5                |                  | 1,50,000           | 150,000          | 150,000          | 1,50,000         | 1,50,000         |
|                       |   |                    |                  | <b>TOTAL (B)</b> | <b>20,56,000</b>   | <b>25,33,000</b> | <b>25,33,000</b> | <b>25,33,000</b> | <b>25,33,000</b> |
| <b>C. Net Income</b>  |   |                    |                  |                  | <b>TOTAL (A-B)</b> | <b>52,34,000</b> | <b>63,77,000</b> | <b>63,77,000</b> | <b>63,77,000</b> |

**F. Financial Analysis**

| Particulars                                       | I year           | II year            | III year         | IV year          | V year             |
|---|------------------|--------------------|------------------|------------------|--------------------|
| Capital Costs                                     | 58,81,440        |                    |                  |                  |                    |
| Recurring cost                                    | 20,56,000        | 25,33,000          | 25,33,000        | 25,33,000        | 25,33,000          |
| <b>Total Cost</b>                                 | <b>79,37,440</b> | <b>25,33,000</b>   | <b>25,33,000</b> | <b>25,33,000</b> | <b>25,33,000</b>   |
| Benefit   | 72,90,000        | 89,10,000          | 89,10,000        | 89,10,000        | 89,10,000          |
| Depreciated value of machinery & equipments @ 15% |                  |                    |                  |                  | 77,130             |
| Depreciated value of buildings @ 10%              |                  |                    |                  |                  | 15,52,418          |
| Closing stock value @ 10%                         |                  |                    |                  |                  | 17,56,500          |
| Depreciation                                      |                  |                    |                  |                  |                    |
| <b>Total Benefit</b>                              | <b>72,90,000</b> | <b>89,10,000</b>   | <b>89,10,000</b> | <b>89,10,000</b> | <b>1,22,96,048</b> |
| <b>Net Benefit</b>                                | <b>-6,47,440</b> | <b>63,77,000</b>   | <b>63,77,000</b> | <b>63,77,000</b> | <b>97,63,048</b>   |
| Discounting Factor@ 15%                           | 0.87             | 0.76               | 0.66             | 0.57             | 0.50               |
| NPV cost at 15% DF                                | 69,05,572        | 19,25,080          | 16,71,780        | 14,43,810        | 12,66,500          |
| NPV benefits at 15% DF                            | 63,42,300        | 67,71,600          | 58,80,600        | 50,78,700        | 61,48,024          |
| NPW at 15% DF                                     |                  | <b>1,70,08,482</b> |                  |                  |                    |
| BCR at 15% DF                                     |                  | <b>2.29 :1</b>     |                  |                  |                    |
| IRR %   |                  | <b>76.25</b>       |                  |                  |                    |

**G. Term Loan Repayment**

Rate of interest - % per annum : 12.0

Opening balance of term loan : 45,39,580

| Year             | Loan Outstanding | Net Income | Principal | Interest | Total Repayment | Net Surplus | DSCR       |
|------------------|------------------|------------|-----------|----------|-----------------|-------------|------------|
| 1                | 45,39,580        | 52,34,000  | 9,07,916  | 5,44,750 | 14,52,665       | 37,81,335   | 3.6        |
| 2                | 36,31,664        | 63,77,000  | 9,07,916  | 4,35,800 | 13,43,716       | 50,33,284   | 4.7        |
| 3                | 27,23,748        | 63,77,000  | 9,07,916  | 3,26,850 | 12,34,766       | 51,42,234   | 5.2        |
| 4                | 18,15,832        | 63,77,000  | 9,07,916  | 2,17,900 | 11,25,816       | 52,51,184   | 5.7        |
| 5                | 9,07,916         | 63,77,000  | 9,07,916  | 1,08,950 | 10,16,866       | 53,60,134   | 6.3        |
| <b>Avg. DSCR</b> |                  |            |           |          |                 |             | <b>5.1</b> |