SUMMARY: Dairy farming from being a traditional family run business, today has grown hugely to an organized dairy industry with technology specialization in every part of process we have tremendous growth in dairy farming. Karnataka has 30.52 million of livestock, comprising 10.50 million of cattle, 4.32 million of buffalo, 9.55 million of sheep and 6.15 million goat. North-Eastern Karnataka has 7.32 million of livestock, comprising of 2.22 million cattle, 0.95 million buffaloes, 2.34 million sheep and 1.79 million goat. As IFS components content dairy as one enterprise it is important to study the feasibility of dairy in IFS. This paper attended to find out the economic feasibility of dairy in IFS and impact on employment generation and livelihood security. The data was collected from 60 IFS and 60 Non-IFS sample farmers from three districts of NEK region. The tabular analysis and discounting measures are used for cost and returns calculation and for comparing financial feasibility. It is observed that the practice of dairy in IFS found to be profitable in terms of income and employment generation.