

Impact on Indian dairy sector during COVID-19: Challenges and Opportunities

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Abstract

COVID-19 has changed our lives, impacting and effecting even the most basic routines of our daily lives. One such sector with a major impact is the dairy sector. With almost 70% of milk handling work done by an unorganised sector, COVID-19 has added other challenges which were a result of fear of infection such as unemployment, shortage of labour and decline in the buying of milk. The challenges that have arisen due to the corona crisis can be addressed and even be accepted as a golden chance to boost self-employment. Revamping the dairy sector, going for locally produced milk and milk products and self-employment generation of migrant workers are some opportunities which have vast potential.

Keywords: Artificial insemination (A.I.), Self Help Groups (S.H.G.s)

Introduction

Since 1998, India has remained a major producer and consumer of dairy products and has ever since seen a continuous growth in the availability of milk and milk products. While India as a country became the largest milk producer, not a single Indian dairy company featured in the list of global top 20 dairy companies (according to the latest annual Rabobank survey). Only 30 per cent of milk is handled by the organised sector (dairy cooperatives and private milk plants) and around 70 per cent by unorganised sector. Local milkmen, halwai shops, private dairy shops and milk contractors form the major part of the unorganised milk sector. The global pandemic has also affected this sector. The

challenges and opportunities faced by the Indian dairy sector are discussed here.

Challenges

Disruption of supply chains: The supply chain has gone down as the hotels and bakeries are closed and many retail buyers have gone back to their hometowns.

Inadequate feeding of animals: The trucks ferrying feeds are struck due to lockdown. The farmers are unable to buy the required feed and fodder. Milk sale is also low so maintaining cattle at their own cost is becoming uneconomical.

Lacks of funds: Many farmers who have established their dairy farms taking loans are facing difficulty to manage their farm. They are now lending from informal sources to sustain their livelihood at the cost of high rate of interest.

Delayed and irregular payments: Milk plants are accepting the milk from farmers on the condition of deferred payment. The decline in milk prices has put a further stress on farmers.

Unemployment: As many organized dairy sector saw a huge dip in sale, they started curbing their staffs to make the enterprise sustainable as paying them without sale was causing them loss.

Fear of Corona: Many people stopped buying milk as they fear that delivery boy will spread the deadly disease. They prefer packed milk pouches instead of buying from local vendor.

Lack of information or little access to dairy information: Proper information is not available to the dairy farmers related to breeding, feeding and other management aspects. To break the social stigma related to COVID-19

and its spread through milch animals and milk product, proper information is necessary.

Lack of organised channel for marketing of milk and local efficient cooperatives to handle situations like this global pandemic. As most of the small farmers are engaged in the milk production business, there is need for assistance to overcome this pandemic.

Lack of infrastructure and small scale processing industry at local level to handle the glut production due to lack of buyers.

Shortage of labourers to manage the dairy farms: Before the spread of COVID-19, labourers were easily available, but now the scene is different as most of the labourers returned to their native places.

Unavailability of animal healthcare facility: Due to restricted movement of people, veterinary aid and A.I. workers are inaccessible for breeding and health care services.

Opportunities

Vocal for Local: Whole Milk may be fermented using locally available starter cultures. The production of ghee can be done. Furthermore, its by-product buttermilk can also be packed and sold in the markets.

Value addition: Dairy farmers can also convert their surplus milk into Khoa, Paneer, Ghee, etc., and sell it to the neighbourhood markets through informal channels.

Go organic: Seeing the ill effects of pesticides/insecticides and presence of trace amount of these in milk, there is huge demand of organic milk. Farmers can fetch premium prices by providing organic milk to the customers.

Low-cost infrastructure: Low cost working capital can be made available to institutions mainly to those which are producer-owned. This working capital might be used to procure surplus milk or to convert milk into skimmed milk powder (SMP) and milk fat.

Marketing through innovative channels: For marketing of milk and milk products, dairy organisations and S.H.G.'s, initiated home delivery of milk and milk products through mobile carts, vans, e-commerce.

E-platforms: Various information related to dairy sector can be released online for immediate use by several organisations engaged in this like NDRI, Karnal, IVRI, Bareilly, etc. Several other products like feed and fodder can also be ordered online boosting the several start-ups.

Converting crisis into opportunity: Due to the fear of Corona, people are avoiding meat in their diet. So shift from meat-based to dairy-based protein can be a good opportunity to dairy farmers and entrepreneurs.

Engagement of migrant workers: As an opportunity, these migrant workers can be encouraged to join their family agriculture/dairy farms.

Aid of Government: Entrepreneurs can easily avail the benefits provided by the government to establish their firms through various schemes launched by the government to boost the falling economy. The government can ensure easy availability of credit through banks to meet the working capital requirements of dairy plants.

Conclusion

Dairy activities, being an important source of employment and income, form an essential part of the rural Indian economy. India also has the largest bovine population in the world. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development. We have to take care of this blooming industry amid this on-going crisis. The Indian dairy industry can help the Indian economy to recover fast.

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