

IMPACT ON INDIAN DAIRY SECTOR DURING COVID-19: CHALLENGES & OPPORTUNITIES

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Honourable prime minister of India announced lockdown on 25th march after 1-day Janata curfew due to the situation occurs from the global pandemic. All country, including India, was not knowing this type of situation. Meanwhile, this virus transmitted from human to human through coughing, sneezing like any other viral fever. For the reason of avoiding close contact with human to human lockdown leaves the only option for India. We have completed lockdown 4.0 wherewith allowing some sort of transportation and other economic activity. As of now, unlock is going on with all sort of activity by maintaining social distancing and avoiding any kind of public gathering. This has hit the most severely the informal economy, of which agriculture and the rest of the rural economy are a part. People's suffering and the economic crisis have been exacerbated by the central government 's stubborn refusal to acknowledge a crisis, take responsibility for its mismanagement and provide relief to the people. Indian dairy sector was facing challenges during that period but now on dairy sector overcome critical challenges slowly but steadily. According to CRISIL report Sales of value-added goods account for more than a third of the revenues of the consolidated dairy industry, which is expected to contract 2-3 per cent of this levy. Hereabout I want to add my view of the impact on the dairy sector amidst COVID-19 or better to say lockdown.

Effect on Indian dairy sector

Globally, the Association for Food and Agriculture (FAO) predicts changes in food supply and demand. It warns of a worldwide "food crisis" unless countries protect vulnerable people from hunger and malnutrition, and de-clog chains of the food supply. Similarly, the UN has warned that the Covid-19 crisis could trigger "food shortages" worldwide.

The spread of the Covid-19 forced the country to shut down. All the companies in India have been affected, including the dairy industry. Just important goods, including milk,

are permitted to be delivered at home. However, the curfew in India has disrupted domestic consumption of milk. Mainly due to the closing of commercial outlets, there has been a sharp decline in demand for milk. The dairy industry was double hit by lockdown along with supply chain breakdown. Door to door selling of milk was totally disrupted as locale people did not allow milk salesman it was leading to the breakdown of the milk supply chain.

Sink in demand

After the country shut down for the COVID-19 lockdown about two weeks ago, the Rs 100,000 Crore Indian Milk Industry experienced a 25-30 per cent decline in demand. Although demand grew 15-20 per cent in the first two days with consumers hoarding milk, demand gradually decreased from the third day on. A significant proportion of the drop in demand is attributed to out-of-home consumption, resulting in 15 per cent of milk intake, resulting in a grinding halt. However, given the decrease in demand, the milk procurement is not reduced because the dairy cooperatives must abide by the notice from the government not to interfere with the livelihoods of the farmers. But all businesses, cooperatives, were slowly coping with initial damages. RS: R.S. Sodhi chairman and MD, Amul, says things average slowly. Now demand has risen between 10% and 12%, which was originally about 35%. Although out-of-home consumption is now zero, consumers buy products such as paneer, ghee and cheese in huge quantities from retail outlets.

Wastage of milk

More than 70 per cent of milk is supplied by small farmers; milk provides instant cash for their livelihood. Such small farmers are hardest hit due to lower demand and thus no partial recruitment. Much of the unorganized dairy sector, including milk workers, milk companies, creamers / urban-specific private dairy shops, etc., are managed, and only 30% are managed by the organized industry — dairy cooperatives and private Milk plants. Milk is a perishable product, so it cannot be processed without sufficient preparation. This is why farmers claim fresh milk dumping from different parts of the country. As thousands of sweet shops stay shut down during lockout, the small and medium dairies suffer tremendous losses, and daily gallons of milk get wasted. Dozens of dairy owners, who were suppliers of milk to the sweet shops, now only milk the bovines once a day, and since there are no buyers on the market, gallons of milk gets wasted.

Challenges due to COVID-19 on Dairy sector

COVID-19 has changed millions of lives and livelihoods around the world. The virus has levied a variety of taxes on dairy farmers. Here I will discuss some of the big issues that occur in the dairy industry because of COVID-19:

Firstly, dairy animal care, and secondly, the distribution and selling of milk and other by-products. Both grocery stores and sweet shops are closed as a result of the lockout, which leads to low demand for milk and other dairy products.

Milk prices have dropped, putting greater pressure on the farmers. Every new challenge teaches us something and COVID-19 has offered the dairy farmers a range of lessons and new perspectives on future management and growth.

On the webinar organised by N.D.D.B chairman Dilip Rath said, during this pandemic milch animal has been faced feeding and healthcare problem along with fodder availability that would impact the reproductive efficiency and productivity of the milch animal.

Price of milk is drastically reduced due to less household consumption and surpluses. Supply of milk is way more than the demand for milk that leads shift of both supply and demand curve. For that reason, the price-determining equilibrium point is to switch its position from the previous one, and the price got reduced.

Organised cooperatives and individual dairy farmers have laid off employees to cut the cost due to drastic fall in sales and at times threw away milk on roads and rivers as they could not sell it due to lack of transportation and closure of markets.

Milk collection centres were shut, and milkmen were barred from entering villages in several states, affecting supply.

Co-operative units — that opened with the help of the administration — suffered from a lack of labour supply, as fears of unemployment led migrant workers to go back to their native villages.

Opportunity arises

As a result of the Covid-19 pandemic, our dairy industry has proved to be more resilient than many other sectors in terms of the extent of supply chain disruption. Millions of

our animal-owned households, the majority of which are smallholders, particularly those linked to producer-centric institutions, continued to milk their cows and buffaloes and sold surpluses to village milk collection centers. Milk was then pooled, cooled and transported to processing centers where it was pasteurized, packaged and shipped to thousands of marketing outlets, finally finding its way to millions of homes.

The New White Revolution: How COVID-19 could benefit the dairy sector

Of note, both milk production and milk prices in several parts of the world were hit by shortages in the supply chain during the initial phases of the lockdown. The information gathered by the National Dairy Development Board (NDDB) from the dairy cooperatives shows that the daily sales of liquid milk by the dairy cooperatives fell by about 15 per cent during the Covid-19 lock-up period from 1-15 March to 8-14 April and that the share of sales to the dairy cooperatives fell by about 8.8 per cent during the same period. Liquid milk sales are showing signs of steady growth, thanks to central and state policies and strong support, as well as measures are taken by producer-qualified organizations to resolve supply chain challenges. Disruption appears to have had a major impact on unorganized private players, as they have a higher share of goods in their sales portfolio than dairy cooperatives. It was therefore very reasonable for milk to be diverted to dairy cooperatives in areas/milk sheds where there was a stronger presence of private players, as a consequence of which product prices were also reduced due to the disparity between demand and supply.

To boost the selling of milk and milk products, a number of dairy organizations have introduced home delivery of milk and milk products, including mobile carts, buses, e-commerce, etc. All of these programs have helped improve the milk market and open up e-commerce opportunities. Many smart and progressive dairy farmers have made their surplus milk into khoa, paneer, ghee, and so on and sold it through informal networks to the markets in the neighbourhoods. Both of these actions supported the dairy industry. In the present context, the supply of milk to SMP to meet the rising demand for milk and milk products makes smart business sense for our dairy industry. Following market disruptions, milk procurement during the Covid-19 lockdown suggests that the dairy sector has started building up commodity stocks to meet lean season requirements.

Ensuring uninterrupted supply of milk: Milk cooperatives such as Mother Dairy, Amul, Nandini, Parag and many others travelled an extra mile to supply the surplus milk to farmers,

while hundreds of milk plants across the country produced skimmed milk powder to supply the surplus milk. But despite these odds, there was no way to protect the dairy farmers from India 's cooperative model. In the United States, the broken supply chains forced the dairy farmers to dump their milk. The different situation occurred in parts of Europe where fresh produce had been wasted. "But our cooperatives decided to stand by the farmers; we didn't discourage supply despite a drop in sales. We continued to supply the farmers with milk that resulted in surplus milk. We used this 'extra' milk in skimmed milk powder production," said Dilip Rath, NDDB Chairman.

Bio-security & Hygiene: There seems to be a lot of news about milk adulteration as it impedes nation credibility on the global market. Milk has been mishandled, malpractices that decrease consumer confidence in the enterprise. Now this situation gives producer, cooperative, corporation, middleman the opportunity to regain customer confidence by maintaining hygienic farm condition, bio-safety etc. Pathogens management, bio-safety, and sanitation are vital to animal welfare. The main gate to the Farm remains closed. One individual can be given the job of a watchman checking stray animals for trespassing and entering. Due consideration should be given to farmworkers for their cleanliness and hygiene.

Feed availability: Commercial farms must have stored/preserved fodder stocks (silage or hay) that can last for 2 to 3 months or longer. Small farms may have wheat/paddy straw or maize. A farmer has to be conscious of the method that enriches wheat straw with urea. Animals fed with this enriched wheat straw would have a greater protein content. Most growing non-fodders faced fodder shortages in the middle of the crisis in order to feed the livestock. Businessmen meanwhile have the opportunity to start a new business connected to the supply of food.

Value Addition: It will open up a new company path to added value. Milk processing-paneer or curd can be made for sale at the farm gate. This can be processed into products like ghee, or milk powder which have a longer shelf life because selling or disposing of milk is a serious issue.

Conclusion

COVID-19 is an enormous problem for India; its vast population and the reliance of the economy on illicit labour make lockdowns and other steps of social isolation highly

destructive. The central and state governments acknowledged the threat and reacted aggressively — but it should be only the beginning of this response. India has to be prepared to step it up as things unfold, alleviating the economic impacts by much stronger funding for public services and policies that keep economies running. Dairy industry overcoming its challenges slowly, and we believe this will back into the right track. We will come back stronger than ever.

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