

Impact of COVID 19 on Dairy Industry**Jagadale S. G., Waikar M. A. and Gharatkar A. V.**

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SUMMARY

India has been leading producer and consumer of dairy products worldwide. A sizable reduction in demand of milk and milk products due to covid-19 lockdown has adversely affected the milk producers and processors. The purposes are to study the impact of COVID-19 pandemic on the dairy industry. The dairy industry around the world is heavily affected by this pandemic and there have been limited studies on these impacts.

INTRODUCTION

Dairy industry is one of the biggest Agri- businesses in country and a significant contributor to Indian economy. Indian dairy sector is the world's largest milk producer which producing 187.7 million tonnes (MT) of milk out of which seventy percent of the milk is produced by small holders. Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment as well as income. Nearly, all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. The Covid-19 pandemic has been heavily impacted many agricultural sectors around the world. Among all the sectors that suffered the most is dairy industry. As we know, milk is highly perishable food product and depend on integrated and time sensitive supply chains. Before and after covid one thing that is not changed is cooking and eating food. Dairy industry is vast and contributed 4.4% of National GDP and nearly 10% families are depending on Dairy sector.

Dairy industry in India

The development of Indian dairy sector started through a program called "Operation Flood" launched in the year 1970. It was the world's largest dairy development program and a milestone project of India's National Dairy Development Board (NDDB). Operation Flood was progressed in three phases. Phase I was focussed on developing dairy production in areas surrounding metropolitan cities like Delhi, Mumbai, Kolkata, and Chennai. Phase II was lengthened investment to 147 urban centres all over the country. Phase III expanded investment still further, to a number of smaller towns. India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. The dairy market in India reached the value of INR 10,527 billion in 2019. As of 2018, India is leading milk producing country in world, accounting about 19% share in the global market. The milk producing industry in India has been expected to expand at compound annual growth rate (CAGR) of about 14.8% between the year 2018 and 2023 and will reach INR 2,458.7 billion in year 2023. There are many types of dairies in India such as, Cooperatives like AMUL, Gokul, etc., Private Limited like Nestle, Britannia, ITC, etc., Family owned like Urja, Wadilal, etc., Small Dairies and Micro-Dairy shops.

Impact

On account of COVID-19 lockdown, the dairy sector challenged many losses not only in production and marketing but also in processing of milk into milk products. Contrary to the milk producers, the processing industry was consoled with lower price of raw milk procured for processing and opportunity were unfolded to process additional milk at lower prices into durable milk products and store the same to release later in the market. On an average, 30-60% of production that is almost 34.3% reduced in various milk factories due to coronavirus pandemic. It means almost 30% of production is hampered. Some companies have serious impact and some companies which are owner based or small scale had suffered the most and results into closure of company. This shows that Covid 19 has impacted the production of dairy industry. In dairy industry, nearly 50% of sales are affected in early coronavirus pandemic. Among these, 25% are highly impacted by Covid-19 which results into shutting down their factories. Amid Covid-19, there is a MYTH that cold, frozen or chilled dairy products, such as milkshake, ice-cream, etc. are not good for health. Among this, ice-cream industries are specially hampered the most.

Trend of sales are also changed. Before pandemic processed products were more in demand but during pandemic liquid milk is most preferred product than the processed milk products. Liquid milk gained the maximum share. The products which are contributed highest sale are liquid or pouched milk, dahi, lassi, fermented milk products; followed by traditional dairy products, sweets and cheese; followed by Dried milk product and then Ghee. Covid-19 pandemic also had an impact on employment of various small scale dairy industries. Due to huge losses many of the employees lost their jobs. This also results in lowering the economy of country. In the early days of the COVID-19 pandemic, the dairy industry faced challenges such as shifts in supply and demand. In this, there is large shift in supply, from dairy farmers at village level to the large co-operatives. On the demand side, many producers and co-operatives were left without a market to sell their products. Almost all dairy companies struggled to adjust to the new normal during the early stages of the pandemic. The government has also supported the dairy sector with various schemes and initiatives: Government has extended the Dairy Processing and Infrastructure Development Fund till 2022-23; Animal Husbandry Infrastructure Development has been approved for incentivizing investments by individual entrepreneurs, private companies, Farmers Producers Organizations (FPOs) and Section 8 companies to establish (i) the dairy processing and value addition infrastructure, (ii) meat processing and value addition infrastructure and (iii) animal feed plant; Production Linked Incentive Scheme for Food Processing Industry and the scheme emphasizes on dairy products such as Ice Cream, Mozzarella Cheese, Milk-based beverage and Indian traditional sweets.

CONCLUSION

The pandemic is a biggest turning point for the dairy industries. Various new patterns of consumer as well as business behaviour arisen at extraordinary speed during the pandemic. The dairy industry should innovate in response to the consumer choices and various demand. They should shift to newer business models which may accelerated faster growth of companies. Companies should rapidly advance themselves in response to the pandemic.

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