India’s Dairy Sector

Why in news?

The Centre has reportedly been considering import of butter and ghee as the country is facing with a milk shortage.

What is the significance of milk and dairy products?

- Milk and milk products are rich in protein.
- They are a key source of calcium, vitamins and protein for a large vegetarian population in India.
- Dairy industry strengthens the rural economy.
- It acts as a source of income for farmers and potential for women empowerment.

What is the present status of dairy sector in India?

> *Milk has a weightage of 6.6% in the consumer price index, any spike could have a reasonable implication on headline inflation.*

- According to Food and Agriculture Organization Corporate Statistical Database (FAOSTAT), *India is the **highest milk producer** in the world* contributing 24% of global milk production.
- **Top milk-producing states** - Rajasthan (15.05%), Uttar Pradesh (14.93%) and Madhya Pradesh (8.6%)
- Indian dairy sector has an annual growth trend of 5-6 %.
- In 2022, there was 39% jump in exports of dairy products.
- **Key export destinations** - Bangladesh, UAE, Bahrain, Malaysia, Saudi Arabia and Qatar.

What are the challenges in dairy sector?

- **COVID** - It led to a crash in prices and demand destruction which led to the inability of dairy farmers to invest in their cattle.
- **Lumpy skin disease (LSD)** has led to a death count of 1.9 lakh cattle which made capital losses for dairy farmers.
- **Fodder inflation –** According to ICAR scientists, fodder and feed account for 70 % of the cost of milk.
- Fodder inflation at 30% has been a critical factor for soaring milk prices.
- **Milk shortage** - Dairy products demand is growing rapidly with rising population, incomes, urbanisation and changing diets.

- **Investment** – There is a need for investment in supply chains in this capital intensive business.
- **Cooperatives –** They revolutionised dairying, but due to a variety of factors their success has not gone beyond Gujarat and Karnataka.

"The private dairy sector has surpassed the combined capacity of the dairy cooperatives and government dairies in the past 20 years" - 2022-23 Annual Report of the Ministry of Animal Husbandry and Dairying.

What efforts were taken by the government to boost dairy sector?

- **National Dairy Development Board (NDDB)** – It is monitoring the supply-demand gap in dairy products along with the Central government.
- **Operation Flood** - It was launched in 1970 by National Dairy Development Board (NDDB).
- It transformed India from a milk-deficient into the world's largest milk producer.
- Dr Verghese Kurien was the architect of Operation Flood.
- **Rashtriya Gokul Mission** – It aims to genetically improve the cattle population and promote and conserve indigenous cattle breeds.
- **National Programme for Dairy Development (NPDD)** - It aims to strengthen infrastructure for the production of high-quality milk as well as for the procurement, processing, and marketing of milk and milk products.
- **Dairy Entrepreneurship Development Scheme (DEDS)** – It aims to create self-employment opportunities in the dairy industry.
- *The National Bank for Agriculture and Rural Development (NABARD)* is carrying out the programme.

Quick Facts

National Dairy Development Board (NDDB)

- The National Dairy Development Board (NDDB) was founded in 1965.
- NDDB is declared as a *statutory body* under the NDDB Act of 1987.
- It is under the ownership of the *Union Ministry of Fisheries, Animal Husbandry and Dairying.*
- NDDB's efforts to make dairying a viable and profitable economic activity while addressing the country's need for self-sufficiency in milk production.

National Bank for Agriculture and Rural Development (NABARD)

- NABARD came into existence on ***12 July 1982*** by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC).
- NABARD today is *fully owned by Government of India*.
- **NABARD Sponsored Schemes**
    - Producers Organisation Development Fund (PODF)

- Watershed Development Programme
- Tribal Development Programmme
- Rural Innovation Fund (RIF)
- Research and Development (R&D) Fund
- Micro Enterprise Development Programme
- Livelihood and Enterprise Development Programmes
- Scheme for promotion of Women SHGs (WSHGs) in backward & LWE districts of India
- Refinance support to Banks

References

1. Business Line - India’s dairy sector needs a structural shift
2. PIB - Clarification Regarding Import of Dairy Products
3. Economic Times - Monitoring supply-demand gap in dairy products
4. PIB - India ranks first in milk production in the world

