



## Challenges of Dairy Sector

This article is based on [“Not milk & honey”](#) which was published in The Indian Express on 28/05/2021. It talks about the challenges associated with the dairy sector in India.

The second wave of Covid-19 pandemic has thrown the situation of [milk producers](#) from difficult to worse.

During the pandemic, there has been a self-imposed ban on door-to-door sale of liquid milk by households both in urban and rural areas, forcing farmers to sell the entire produce to dairy cooperatives at a much lower price.

Further, the closure of shops had cut down the demand for milk and milk products while severe shortage of fodder and cattle feed has pushed up the input cost. Also, private veterinary services have almost stopped due to Covid-19, which has led to the death of milch animals.

Given the nature of production and sale of milk in India, milk producers are highly susceptible to even minor shocks as the demand for milk and milk products are sensitive to changes in the employment and income of consumers. Therefore, a lot needs to be done to save this critical sector of Indian economy.

### Need to Protect Dairy Sector

- In the farm-dependent population comprising cultivators and agricultural labourers, those involved in dairying and livestock constitute 70 million.
  - Moreover, in the total workforce of 7.7 million engaged exclusively in raising cattle and buffalo, 69 per cent of them are female workers.
- In the Gross Value Added (GVA) from agriculture, the livestock sector contributed 28 per cent in 2019-20. A growth rate of 6 per cent per annum in milk production provides a great support to farmers, especially during drought and flood.
- Milk production rises during crop failures due to natural calamities because farmers bank more on animal husbandry than.

### Associated Issues

- **Invisible Labour:** Farmers keep two to five in-milk animals for livelihood. In this setup, unpaid female family labour supplies a major part of the labour requirement for milk production.
  - The landless and marginal farmers among them have no livelihood options to fall back when they fall short of buyers for milk.
- **Informal Nature of Dairy Sector:** Unlike sugarcane, wheat, and rice-producing farmers, cattle raisers are unorganised and do not have the political clout to advocate for their rights.
- **Lack of Remunerative Pricing:** Though the value of milk produced outweighs the combined value of the output of wheat and rice in India, there is no official and periodical estimate of the cost of production and [Minimum Support Price](#) for milk.

- **Negative Impact of Economies of Scale:** Even though dairy cooperatives handle about 40 percent of the total marketable surplus of the milk in the country, they are not a preferred option of landless or small farmers.
  - This is because more than 75 percent of the milk bought by dairy cooperatives is at its lower price band.
- **Half Hearted Government Efforts:** In August 2020, the department reported a requirement of 2.02 lakh artificial insemination (AI) technicians in India whereas the availability is only 1.16 lakh.
  - Dairy farmers have been included in the Kisan Credit Card programme. Out of the total 1.5 crore farmers in 230 milk unions in India, not even one-fourth of the dairy farmers' loan applications had been forwarded to banks as of October 2020.
  - Dairying was brought under **MGNREGA** to compensate farmers for the income loss due to Covid-19. However, the budgetary allocation for 2021-22 was curtailed by 34.5 percent.

## Way Forward

- **Increasing Productivity:** There is a need to increase the productivity of animals, better health care and breeding facilities and management of dairy animals. This can reduce the cost of milk production.
  - Also, milk production and productivity can be enhanced by ensuring the availability of veterinary services, artificial insemination (AI), feed and farmer education.
  - The Government and dairy industry can play a vital role in this direction.
- **Augmenting Production, Processing and Marketing Infrastructure:** If India has to emerge as a dairy exporting country, it is imperative to develop proper production, processing and marketing infrastructure, which is capable of meeting international quality requirements.
  - Thus, there is a need for a comprehensive strategy for producing quality and safe dairy products that should be formulated with suitable legal backup.
  - Further, to address the infrastructure deficit in rural areas and address the power shortage, there is a need to invest in solar powered dairy processing units.
  - Also, there is a need to strengthen dairy cooperatives. In this pursuit, the government should promote farmer producer organisations.

## Conclusion

Over the past few decades, the Dairy sector has emerged as a lifeline of the rural economy in India. However, given the high price elasticity of milk and milk products, the dairy sector has become one of the most vulnerable sectors of the rural economy.

Therefore, given the importance of dairy sectors, for both farmers and consumers, there is a need for governments at various levels to address this crisis and establish a holistic framework for the overall growth of the sector.

### ***Drishti Mains Question***

Over the past few decades, the Dairy sector has emerged as a lifeline of the rural economy in India. However, it has become one of the most vulnerable sectors of the rural economy too. Discuss.