

1. Amidst rising competition and falling prices Indian dairy market needs to Introspect

Context:

- The US is keen to get better market access into India for its agricultural products, including dairy which is a very sensitive issue with far-reaching socio-economic and political repercussions in India.

Brief background about Dairy Industry in India:

- Indian dairy sector, that includes milk production, collection, processing, distribution and marketing, plays a seminal role in rural economy, second only to agriculture.
- Dairying in India is more than a business activity, it has broader social and economic dimensions.
- Dairying provides a remunerative outlet for family labour, so farmer's families are encouraged to take up dairying as an occupation subsidiary to agriculture.
- Other than income generation and livelihood security, dairying also ensures nutritional security for the family addressing issues like malnutrition.

The Scenario of Dairy Sector:

- **India is the world's largest producer and consumer of milk** accounting for nearly 19% of the world milk production.
- **The per capita availability of milk is 375 grams per day** at all-India level with widely varying between the states.
- Indian dairy sector is struggling with low productivity of animals but the vast diverse population of cattle and buffaloes offers great prospects for increasing the milk production.

Key challenges faced by dairy sector in India:

- ✓ Low productivity of India bovines
- ✓ Imbalanced feeding to animals
- ✓ Limited access to milk producers to organized sector
- ✓ Age old infrastructure operating on obsolete technology
- ✓ Lack of organized credit system
- ✓ Lack of manufacturing facilities for value added products
- ✓ Lack of efficient chilling infrastructure at village level
- ✓ Lack of penetration in smaller cities/towns in terms of milk marketing
- ✓ Lack of efficient cold chain distribution network.

Government Initiatives to Address the challenges in Dairy Sector:

- 1. National Action Plan for Dairy Development for 2022** - The plan envisions increasing milk production to 255 MMT by 2022 and 300 by 2024.
- 2. National Artificial Insemination Program** - It aims to genetic improvement of breeds and maintenance of good health of bovine population.
- 3. Dairy Entrepreneurship Development Scheme:**
 - ✓ Its objective is to promote entrepreneurship by generating opportunities for self-employment in dairy sector.
 - ✓ NABARD is the nodal agency to implement this scheme with financial support from Union Government.
 - ✓ NABARD provides financial assistance to commercially feasible and bankable dairy projects for a wider range of dairy associated activities.
- 4.** A corpus fund of Rs. 300 crore has been kept in perpetuity with National Dairy Development Board to provide soft loans as working capital to dairy federations.
- 5. Formation of Farmer Producer Companies** in dairy sector has mobilized farmers to enhance their capacity as producers and marketing professionals. Producer companies help in creating sustainable rural employment through dairying for small and marginal farmers and landless labourers.
- 6. Dairy Processing and Infrastructure Development Fund, DIDF:**
 - ✓ Its objective is to boost dairy processing and infrastructure with total outlay of Rs.10000 crore during the period from 2017-18 to 2028-29.
 - ✓ It is implemented by National Dairy Development Board and National Dairy Development Corporation.
 - ✓ This fund is helping build an efficient milk procurement system by setting up chilling infrastructure, modernization of processing infrastructure and adding manufacturing facilities for value added products for the milk unions and milk producer companies.

Way Forward:

- The three drivers of demand, population growth, urbanization and income growth are very strongly in operation due to which the demand of milk and milk products is rising steadily.
- As far as the availability of modern dairy equipments is considered, India's recent progress is remarkable, but we still depend on imports for advanced machinery. Equipments for packaging of butter, cheese, paneer and other traditional products need attention and necessary action.

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- Women engagement in dairy activities should be strengthened at co-operative society's level. This will enhance their economical and financial empowerment.
 - At present, India's share in global dairy trade is just one per cent, which needs to be enhanced by technology infusion and quality management.

