

## 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.

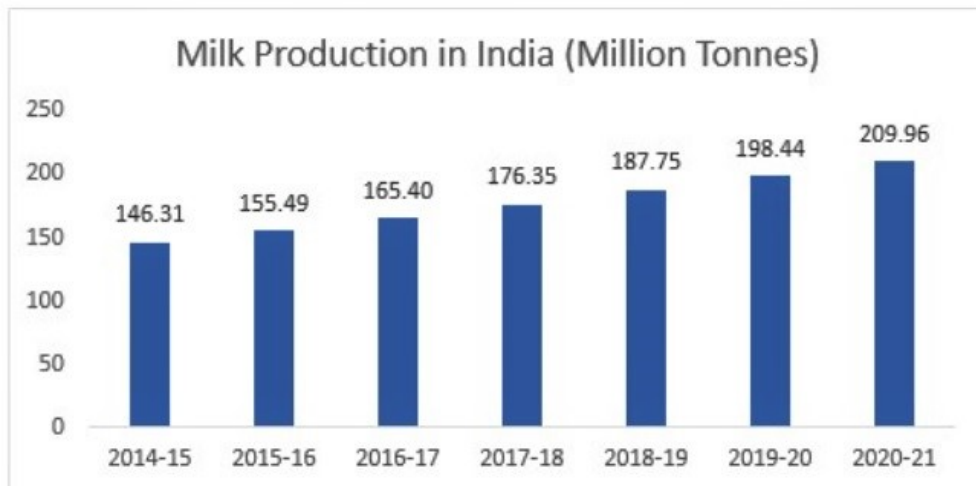
### What is the significance of milk and dairy products?

- 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 Programme
  - 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 (WSHG) 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](#)

