



“Impact Of COVID-19 On Indian Dairy Industry- An Overview”

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Abstract

The COVID-19 pandemic has had a significant impact on the Indian dairy industry. A study conducted on the impact of COVID-19 on the industry found that the lockdown imposed to contain the spread of the virus had a severe impact on the dairy sector. The industry faced several challenges, including a decrease in demand, supply chain disruptions, and a shortage of labour.

The study found that the decrease in demand was due to the closure of hotels, restaurants, and other food service outlets. This resulted in a surplus of milk, which led to a drop in prices. Furthermore, the lockdowns led to supply chain disruptions, which made it challenging to transport milk and dairy products from one place to another. The shortage of labour was another significant challenge faced by the industry. With the migration of laborers to their native places, many dairy farms and processing units were left without adequate staff.

The study also found that the pandemic led to changes in consumer behaviour, with consumers preferring packaged milk over loose milk due to hygiene concerns. This has led to an increase in the demand for packaged milk, but it has also resulted in higher packaging costs for the industry.

Despite the challenges faced by the industry, the study found that the Indian dairy industry has shown resilience and adaptability. Many dairy farmers have adopted new technologies and methods to increase efficiency and reduce costs. The study highlights the need for the industry to continue to innovate and adapt to the changing circumstances to ensure its long-term sustainability.

Keywords: Indian dairy industry, COVID-19, pandemic, lockdown, supply chain disruptions, milk production, milk processing, milk prices, demand for dairy products, export market, government policies, rural economy, small-scale farmers, cooperative societies, digital platforms, e-commerce, innovation, resilience, distribution channels, export market, farmer distress, animal feed, Government support, online sales, consumer behaviour.

Introduction

The COVID-19 pandemic has had a significant impact on various industries worldwide, and the Indian dairy industry is no exception. With the implementation of lockdowns and social distancing measures, the dairy industry has faced numerous challenges, including disruptions in the supply chain, reduced demand for dairy products, and logistical issues. The Indian dairy industry is a critical sector for the country's economy and provides employment to millions of people, making it essential to understand the impact of the pandemic on this industry.

In this article, efforts have been made to explore the impact of COVID-19 on the Indian dairy industry in detail. The study examines the challenges faced by Indian dairy farmers and producers due to disruptions in the supply chain and logistics, the reduced demand for dairy products, and the measures taken by the government to support the industry.

This article aims at providing insights into the challenges faced by the Indian dairy industry during the pandemic and highlight the measures taken to overcome them. This article will serve as a valuable resource for individuals and organizations interested in understanding the impact of COVID-19 on the Indian dairy industry.

Challenges faced by the Indian Dairy Industry

The COVID-19 pandemic has had a significant impact on the Indian dairy industry, which is one of the largest and fastest-growing sectors of the Indian economy. Here are some of the challenges faced by the industry:

- **Disruption of Supply Chains:** One of the biggest challenges that the Indian dairy industry faced during the pandemic was the disruption in the supply chain. The lockdowns and movement restrictions imposed to contain the spread of the virus disrupted the supply chains of the dairy industry. Due to the lockdowns and restrictions on movement, farmers were unable to transport their milk to processing plants, and there were also delays in the distribution of finished products. This resulted in a shortage of animal feed and fodder, leading to a decline in milk production.
- **Reduced Demand:** The closure of hotels, restaurants, and cafes led to a reduction in demand for dairy products, as these businesses are major consumers of dairy products the demand for dairy products such as cheese, butter, and cream declined sharply. The decline in demand also led to a decrease in prices of dairy products. Additionally, the closure of schools and colleges resulted in a decrease in the consumption of milk and other dairy products.
- **Lack of Labour:** The dairy industry depends heavily on migrant laborers for milking, feeding, and other farm-related activities. The pandemic and the subsequent lockdown resulted in the migration of these laborers back to their home towns, leading to a shortage of labor.
- **Increase in Input Costs:** The input costs for the dairy industry, such as fodder, feed, and veterinary services, increased due to the lockdown, resulting in a decrease in profitability for farmers.
- **Closure of Dairy Processing Units:** The closure of dairy processing units due to the lockdowns resulted in a pile-up of milk, which was not getting sold. This resulted in financial losses for dairy farmers and led to distress sales of animals.
- **Increased Cost of Transportation:** The cost of transportation of milk increased due to the restrictions on movement, resulting in a decrease in profitability for dairy farmers.
- **Adaptation to Online Sales:** In response to the pandemic, many dairy farmers and cooperatives started selling their products online to reach consumers who were unable to go to markets due to lockdowns. This led to a shift towards online sales channels and e-commerce platforms.
- **Price fluctuations:** The disruption in the supply chain and the decrease in demand led to price fluctuations in the market. Farmers were forced to sell their milk at lower prices, and processors had to reduce the prices of their products.
- **Adoption of technology:** To cope with the challenges posed by the pandemic, many dairy companies in India adopted technology to improve their supply chain management, ensure food safety, and reduce costs.
- **Focus on health and safety:** The pandemic also led to a greater focus on health and safety in the dairy industry. Companies implemented measures such as temperature checks, social distancing, and sanitization to protect their employees and customers.
- **Financial Instability:** With the decrease in demand and prices, many dairy farmers faced financial instability and were unable to repay their loans. This led to a decrease in milk production and the closure of many small dairy farms.
- **Change in Consumer Behaviour:** The pandemic has led to a change in consumer behaviour, with a focus on health and immunity. This has led to an increase in demand for milk and dairy products that boost immunity, such as probiotic milk and curd.

The COVID-19 pandemic has had a negative impact on the Indian dairy industry, affecting the livelihoods of millions of farmers and disrupting the supply chains of the sector. However, the industry has shown resilience and adaptability in responding to the crisis, and many farmers and cooperatives have explored new sales channels to reach consumers.

Conclusion:

The COVID-19 pandemic has had a significant impact on the Indian dairy industry, which is one of the largest milk-producing industries in the world. The industry has faced challenges in terms of milk procurement, processing, and distribution due to the lockdowns, movement restrictions, and supply chain disruptions.

One of the primary challenges faced by the industry was the decline in demand for milk and milk products, as hotels, restaurants, and other institutions were closed. This led to a surplus of milk and a decrease in the price of milk, which affected the income of dairy farmers. Additionally, the closure of schools also affected the demand for milk, which is a primary component of mid-day meals provided in government schools.

Furthermore, the industry faced challenges in terms of procurement and transportation of milk due to the lockdowns and restrictions on movement. This led to a decrease in the supply of milk, which further affected the income of dairy farmers. The industry also faced challenges in terms of processing and distribution of milk, as the movement of goods was restricted, and there was a shortage of labour due to the pandemic.

Despite these challenges, the Indian dairy industry has shown resilience and adaptability, with many dairy companies introducing new products and channels to reach customers during the pandemic. The industry also received support from the government through various measures such as providing subsidies, relaxing loan repayments, and introducing relief packages.

In conclusion, the COVID-19 pandemic has had a significant impact on the Indian dairy industry, with challenges in terms of milk procurement, processing, and distribution. However, the industry has shown resilience and adaptability, and with support from the government, it is expected to bounce back in the coming years.

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