

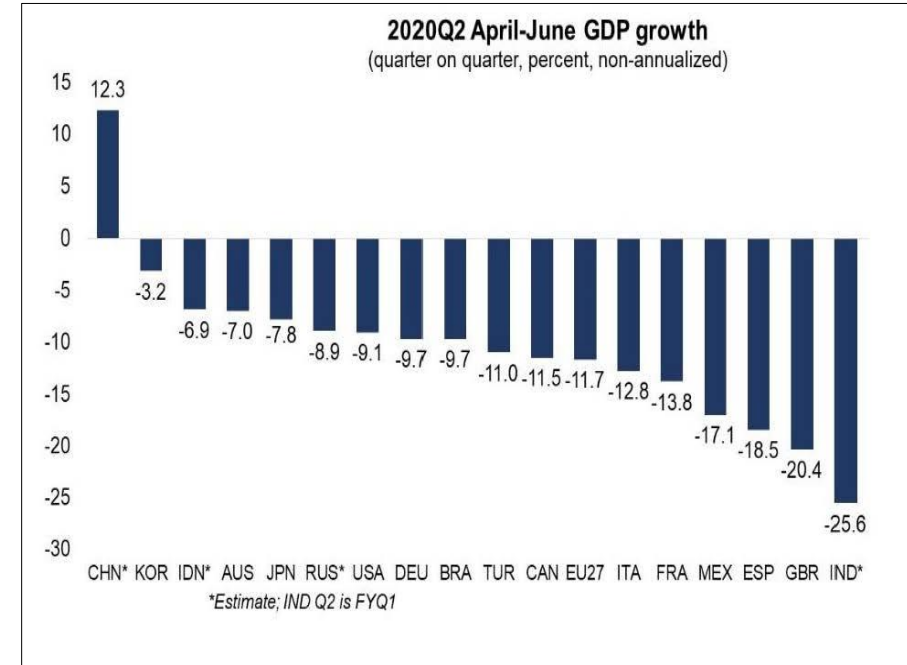
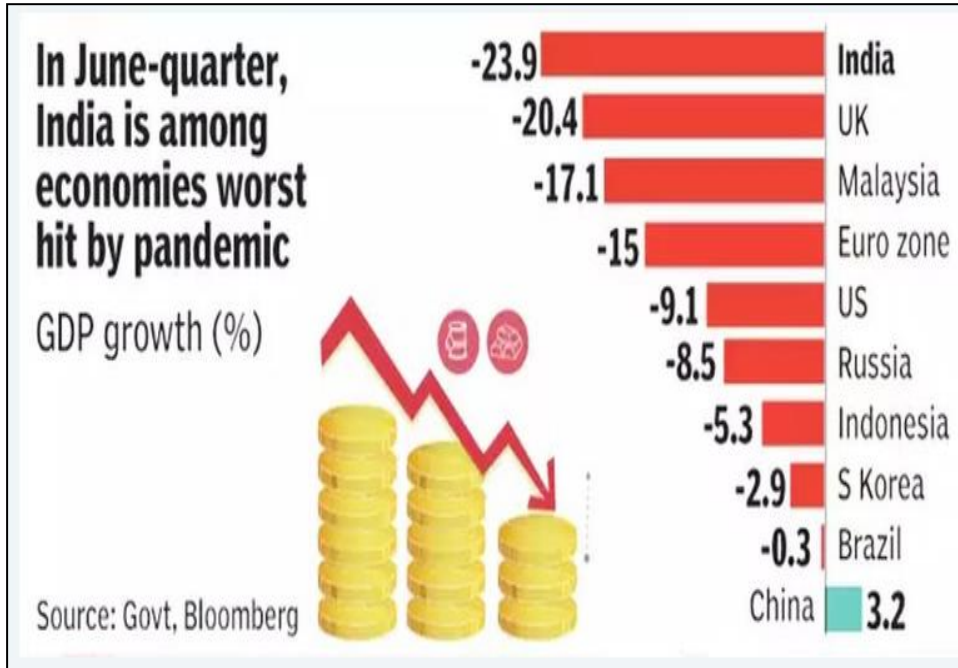


Impact of Covid-19 on Indian Dairy Sector

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COVID: Impact on Economy



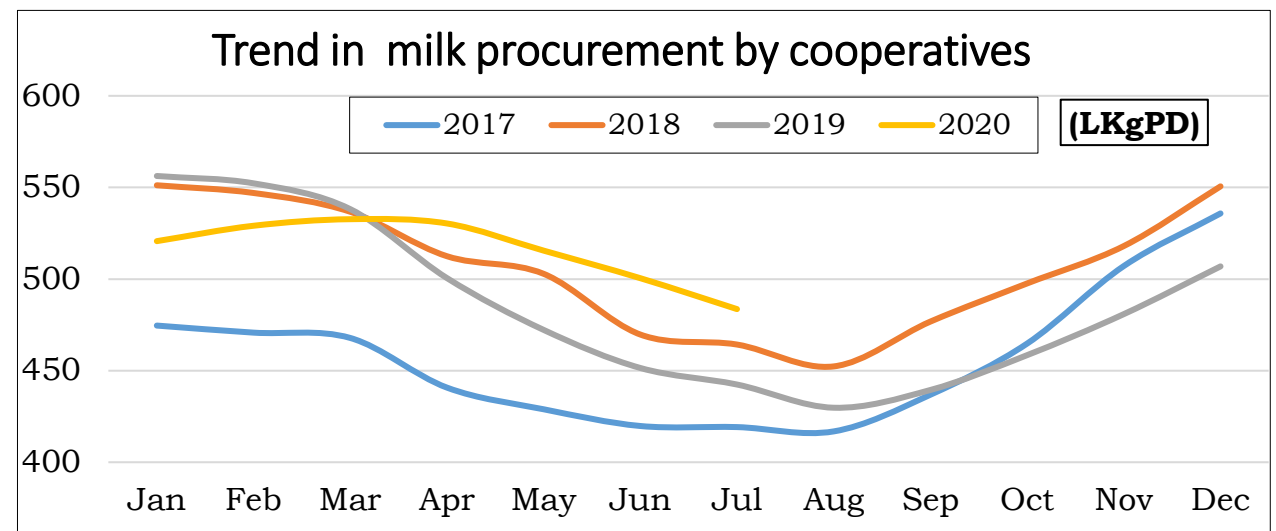
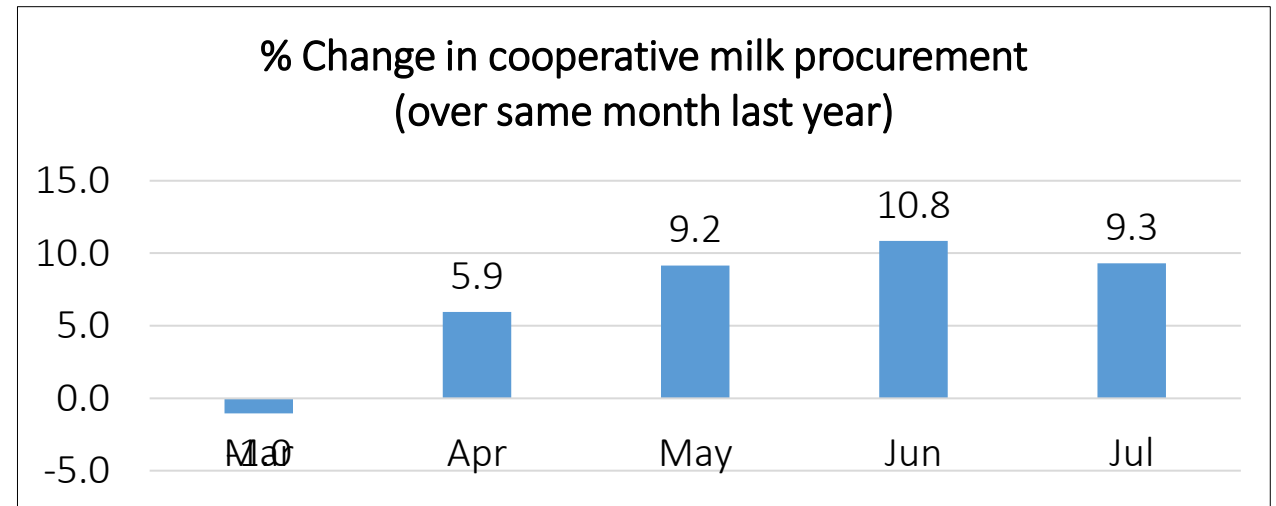
Source: Gita Gopinath, Chief Economist, IMF

- Significant reduction in urban transactions
- Weak domestic and consumer sentiment
- Stalling of urban activity led to income uncertainty for informal sector workers/loss of employment
- Income shock to migrant workers resulted in massive reverse migration
- Shortage of raw materials and intermediate goods for Indian companies



Impact on milk procurement

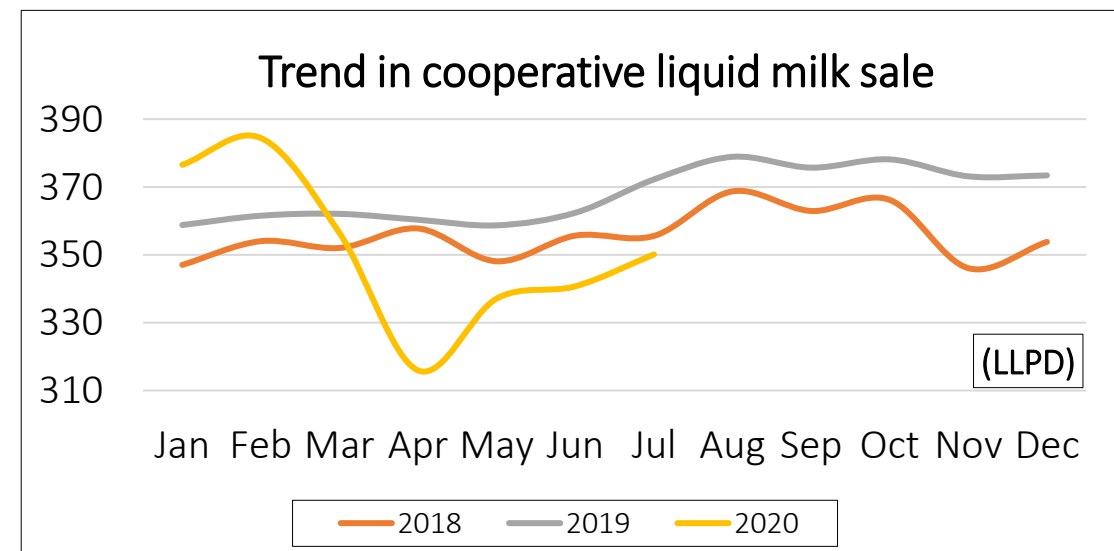
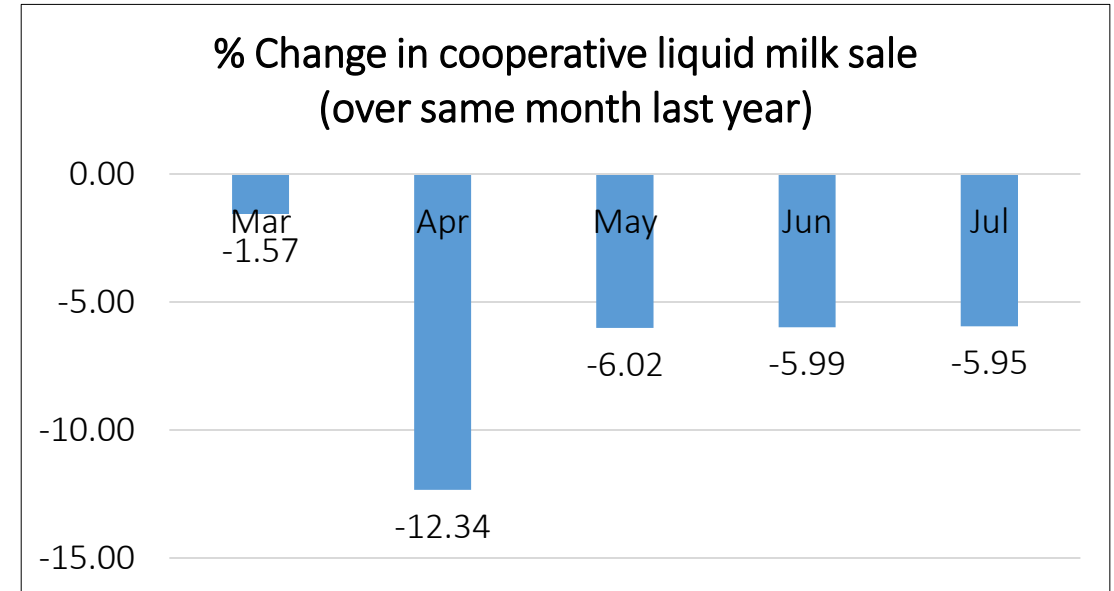
- Post lockdown:
 - the milk procurement operations by private players and unorganised sectors came to a standstill.
 - Producer's Owned Institutions (POIs) continued to procure milk and as a result, significant quantity of milk diverted to them
- To the credit of POIs, there has been no reduction in procurement prices paid to the farmers





Impact on sale of liquid milk

- Initial panic purchase during first 3-4 days of lockdown
- However, milk sale reduced drastically during March-April 2020 (-11.4%)
- The sale declined by 12.34 % in April 2020 compared to April 2019 due to:
 - Restricted opening of milk booths/outlets
 - Closed Hotels, restaurants and Catering shops (HoReCa segment) and tea stalls
 - Shift of workers (informal sector) from urban to rural areas
 - Reduced purchasing power of consumers



Impact of COVID on Milk Products

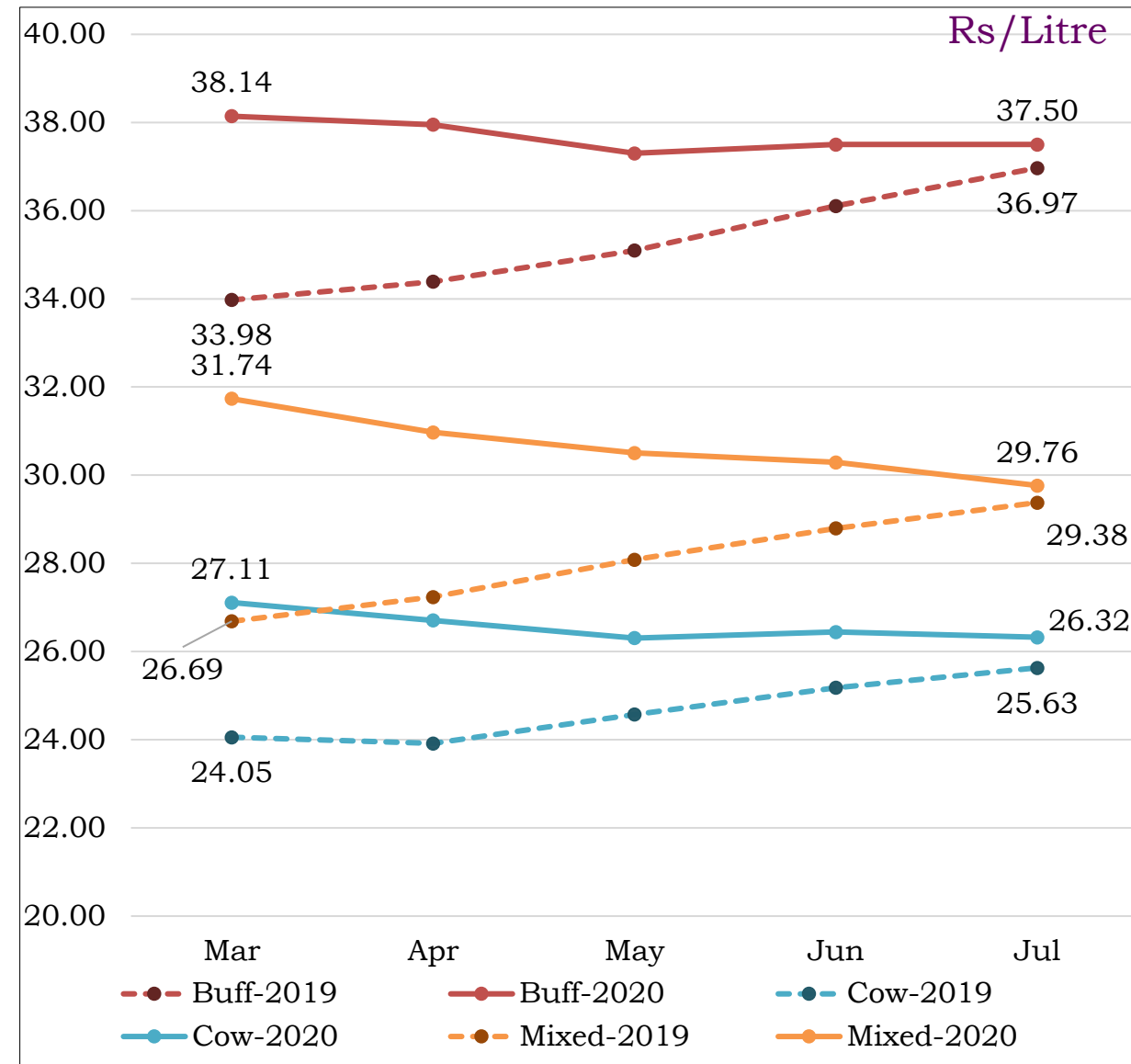


- Mixed trend in milk products sales during lockdown
 - Demand for ghee, butter and paneer went up
 - Sales of cheese, cream etc. declined due to closure of HoReCa segment
 - Sale of Ice Cream which normally peaks during summer months was down by almost 50%
 - Over the Counter (OTC) products like flavoured milk and milk beverages also plummeted due to restriction in movement
 - Sale of Tetra pack UHT Milk, baby milk powder and dairy whiteners has increased significantly due to longer shelf life

Resilience of Indian Dairy Sector



- Quick restoration of supply chain disruptions due to policy measures and support of central and state Governments
- Transportation of milk largely remained unaffected due to strong forward and backward linkages established in last five decades
 - Due to owned/hired milk booths
 - No movement related restrictions for milk and milk products
 - Maintained supply of critical inputs like cattle feed and mineral mixture through established network
- Excess milk converted to SMP, butter and other long shelf life products



Thank you