

CLFMA WEBINAR



CLFMA OF INDIA
ASSOCIATION OF LIVESTOCK INDUSTRY

Sunday 24th May, 2020 at 16.45hrs.

Livestock Industry Post Covid

MODERATOR



Shri. Tarun Shridhar, IAS (Retd.),
Former Secretary AH & D.

SPEAKER



Shri. Sagar Mehra,
Joint Secretary (Inland Fisheries),
Department of Fisheries,
Ministry of Fisheries, Animal Husbandry
& Dairying, Government of India,

SPEAKER



Shri. Dr. O. P. Chaudhary
Joint Secretary (NLM),
Department of National Livestock Mission,
Ministry of Fisheries, Animal Husbandry and
Dairying, Government of India.

SPEAKER



Dr. Sujit K. Dutta
Deputy Commissioner (NLM)
Department of Animal Husbandry and
Dairying, Government of India.

SPEAKER



Shri. Chinmoyjit Sen
Deputy Commissioner
(Dairy Development)
Ministry of Fisheries, Animal Husbandry
and Dairying, DAHD Government of India.

SPEAKER



Mr. Vijay Thakre,
(Fodder Agronomist),
Assistant Commissioner (Feed & Fodder),
Feed & Fodder Unit (NLM Division),
Ministry of Fisheries, Animal Husbandry and
Dairying, Department of Animal Husbandry
and Dairying, Government of India



Shri. S. V. Bhawe
Chairman CLFMA OF INDIA

Host :

CHANDRIKA VENKATESH,
Executive Director,
CLFMA OF INDIA



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CLFMA WEBINAR

“Livestock Industry Post COVID”

Date: May 24, 2020

Venue: Virtual

REPORT

CLFMA OF INDIA conducted a Webinar and has brought about the report consisting of the details of deliberations and outcomes of the Webinar.

Presented by:

S. V. Bhave, Chairman, CLFMA OF INDIA

Acknowledgements

We are grateful to the Ministry of Fisheries, Animal Husbandry & Dairying, Government of India for extending their valuable support in advising Livestock Industry taking corrective action in a post COVID 19 crisis scenario.

We are highly indebted to Shri. Tarun Shridhar, IAS(Retd.), Former Secretary AH & D for moderating the webinar successfully.

We express sincere thanks to our panellists Shri. Sagar Mehra, Joint Secretary (Inland Fisheries), Dept. of Fisheries, Shri. O. P. Chaudhary, Joint Secretary (NLM), Dept. of National Livestock Mission, Dr. Sujit K. Dutta, Deputy Commissioner (NLM), Shri. Chinmoyjit Sen, Deputy Commissioner (Dairy Development) and Mr. Vijay Thakre (Fodder Agronomist), Assistant Commissioner (Feed & Fodder), Feed & Fodder Unit (NLM Division) for giving their valuable time and guidance to overcome this unprecedented crisis.

Around 350 industry stakeholders participated in the webinar and we are also thankful to all the attendees for their queries that enabled clarity and insights from the panellists.



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“Livestock Industry Post COVID”

Report

Introduction

CLFMA of India, the apex organization and the voice of the country’s dynamic livestock sector conducted the webinar “Livestock Industry Post COVID” on May 24,2020. This event was focused in interacting with the Ministry of Fisheries, Animal Husbandry & Dairying, Government of India to overcome the COVID 19 Crisis in the Livestock Sector.

The Webinar was moderated by Shri. Tarun Shridhar, IAS(Retd.), Former Secretary AH & D. The panellists of the webinar were Shri. Sagar Mehra, Joint Secretary (Inland Fisheries), Dept. of Fisheries, Shri. O. P. Chaudhary, Joint Secretary (NLM), Dept. of National Livestock Mission, Dr. Sujit K. Dutta, Deputy Commissioner (NLM), Dept. of National Livestock Mission, Shri. Chinmoyjit Sen, Deputy Commissioner (Dairy Development), Dept. of Animal Husbandry & Dairying and Mr. Vijay Thakre (Fodder Agronomist), Assistant Commissioner (Feed & Fodder), Feed & Fodder Unit (NLM Division)

The webinar started with a welcome address by Mr. S. V. Bhave, Chairman, CLFMA OF INDIA, he said that the present livestock business dynamics have changed and it has incurred huge losses due to COVID 19, the businesses were started with very limited resources and too many uncertainties and hence CLFMA has organized the webinar to address the issues.

Mr. Tarun Shridhar thanked CLFMA Chairman Mr. S. V. Bhave and welcomed all panellists and participants and said that this webinar has been organized at a very short notice because of the unique crisis being faced by the entire global community and it was essential to discuss issues which are of concern to all the stake holders of the livestock industry.

He said that, the main objective of this webinar is to enable the livestock industry stake holders to understand the plans and way forward of the government to tackle the crisis. He thanked all the panellists from the ministry for their support.

Discussion Details:

A. Financial Stimulus Packages for the Livestock Sector

1. Financial Stimulus Package Announced by Government for Livestock Sector Revival (Poultry, Dairy, Meat Processing, Feed) from COVID 19 Crisis and future growth

This section was addressed by **Shri. O. P. Chaudhary**, Joint Secretary (NLM), Dept. of National Livestock Mission

- 1.1** He said that earlier there was a scheme launched by National Animal Disease Control Programme(NADCP) for control and eradication of FMD and this continues to be included as the major part of the package, **but he enumerated the importance of the CORPUS of INR.15,000 crores which is available and said that the Expenditure Finance Commission(EFC) has already been completed for this.**

1.1.1 There are Major 3 components involved in the CORPUS of INR.15,000 crores (National Animal Husbandry Infrastructure Development Fund) are Dairy processing and the diversification of its products

1.1.2 Establishment of Feed Plants and

1.1.3 Meat processing and diversification of products in all the categories.

1.2 The INR.15,000 Corpus will be an Interest subvention scheme of 3% and through the schedule Banks it will be given to Industry entrepreneurs, individuals. So, for the private sector this INR.15,000 crores are going to be a huge stimulus to revive the industry.

1.3 The Poultry Sector crisis is also being discussed in the government as it has faced huge challenges and it is covered under 3 components viz

1.3.1 Restructuring of Loans

1.3.2 Provisions for making Working Capital Availability

1.3.3 Interest subvention for Poultry Sector

1.4 Specific Features of the Animal Husbandry Infrastructure Development Fund, processes to access these funds, details of activities which will qualify and availability of any specific provisions for COVID 19

1.4.1 The special features are as given in point no 1.1 to 1.3 above and these are the 3 components for which the interest subvention is given through the schedule banks.

1.4.2 The process has been eased for the benefit of the beneficiaries and it is driven by the AHD Department directly and NABARD is not involved in this and the government has set up a portal and through the portal the beneficiaries can assess and apply to the banks and banks will send the same to AHD for sanction and once it is approved at the level of the secretary, the money will be sent upfront to the bank.

2. Financial Stimulus Package Announced for Fisheries Sector

This section was addressed by Shri. Sagar Mehra, Joint Secretary (Inland Fisheries), Dept. of Fisheries

2.1 Matsya Sampada Yojana (INR.20,050 Crores), prominent features and activities covered under this INR.20,050 Crore package and specifically how it is different from the Blue Revolution Program announced sometimes back by the GOI.

2.1.1 This scheme has highest ever investment of GOI. i.e. INR. 20,050 Crores. This envisages that, there would be additional production of fish of 70 Lakh Tonnes by the year 2024-25 there would be fisheries export of up to Rs.1lakh Crores.

- 2.1.2 The employment generation opportunities would be up to a tune of 55 to 60 lakhs and the scheme envisages that INR 11,000 crores will be invested in beneficiary related activities, INR Rs.9,000 crores would be invested in fisheries infrastructure.
- 2.1.3 It would be a consolidation of gains which was obtained during the Blue Revolution scheme and to take it forward it looks for the transformation of management and regulatory framework specially related to sustainability, traceability, quality, hygiene of fish and fishery products, Fish disease risk management, adoption of resource efficient good farm management practises and genetic resource management to enhance production and productivity, creation of appropriate aquaculture and fisheries extension network, leveraging private sector & commercial bank compliances to compliment the government budgetary resources.
- 2.1.4 In earlier Blue Revolution scheme, it was lump sum allocation but under Pradhan Mantri Matsya Sampada Yojana for each activity there is specific year marked allocation with annual physical target.
- 2.1.5 New Scheme has the benefit to know about the yearly utilization of the funds in areas viz aquaculture, Marine, technology infusion etc
- 2.1.6 There are few focus areas like reservoir and marine cage culture, sea weed cultivation, technology infusion, post-harvest and cold chain, ornamental fisheries, deep sea fishing, brood bank, hatcheries, laboratory Network, disease monitoring and Residue Control, Nucleus Breeding Centre
- 2.1.7 Blue revolution did not address the concept of extension for large-scale fisheries, so in present scheme the government is coming up with the integrated fisheries coastal villages with all the requisite infrastructure for sustainable development, which will have Sagar Mitras and Aqua parks
- 2.1.8 Under the scheme there will be six aqua parks in different parts of the Country which will be theme specific and species specific.
- 2.1.9 The government in a big way is promoting the private participants in the different capital-intensive projects
- 2.1.10 Regarding risk management of farms, vessel insurance was not covered., Presently the government wants to introduce vessel insurance and enhance the compensation of the personal insurance and also emphasises the continuation of the support even during the fishing ban period and to provide

all necessary equipment which can help farmers in saving the resources while they are on their fishing expeditions.

2.1.11 Unlike in blue revolution there are also other few focus areas like Ornamental Fisheries and in Technology Infusion viz. Recirculating Aquaculture Systems (RAS), Biofloc Culture, Reservoir Cage Culture, would be taken up on a war front scale, so that the government is able to harness the resources in a sustainable and responsible manner, while enhancing production and productivity

2.2 The Matsya Sampada Yojana additional fish production (70 lakh tonnes over the next 5 years.) ways of Input Management viz. (Brood Stock, Feed, Seed) & Handling of Final Produce.

2.2.1 The DOF is in the process of planning and examining every aspect of the entire value chain minutely, starting from getting the brood in place, details of production of the produce at the farm gate, method of handling the produce, method of processing and ways of marketing.

2.2.2 Also, assessment of quantity of Resources from Reservoir, Aquaculture, RAS, Mari culture is being carried out

2.2.3 Assessment of quality & quantity of inputs like seed, feed, present status of no. of hatcheries, plan for upgradation of hatcheries and starting of new hatcheries are also being carried out

2.3 Government Special Packages for the Poultry Sector within INR.15,000 Crores of Animal Husbandry Infrastructure Development Fund for the revival and support of the Backyard and Commercial Poultry Farms and entire production and supply chain of Poultry

This section was addressed by **Dr. Sujit K. Dutta, Deputy Commissioner (NLM), Dept. of National Livestock Mission**

2.3.1 For the last 1.5 years the poultry sector has been facing crisis, initially before COVID 19 the poultry sector suffered due to high feed cost and the farmers did not get the right remuneration, after which the chicken consumption dropped due the rumours of spread of Corona Virus by consumption of chicken. The prices of chicken and egg dropped drastically to Rs. 10 - Rs.15 per kg and Rs 1 - 2 per unit respectively.

- 2.3.2 Government is trying to address the problem of working capital availability, deferment of EMI, grace period and moratorium for payment of existing term loan
- 2.3.3 The government had initially allowed the deferment of EMI by 3 months and has presently extended it up to 6 months
- 2.3.4 The finance ministry might consider providing interest subvention not only for poultry but also for all the livestock sectors
- 2.3.5 The backyard poultry has a win-win situation because of the white bird versus the coloured bird. The White bird business suffered the most when compared to that of the colour bird.
- 2.3.6 The AHD is revising the National Livestock Mission Scheme and are trying to build up the rural backyard poultry in an organized way to encourage the shift from the “Commercial Poultry” to the Rural Backyard Poultry” and produce coloured Broilers.
- 2.3.7 In the Animal Husbandry Infra Structure Development Fund , the government has not made any proposal for direct farming activities for interest subvention ,what has been proposed is that in future the poultry business have to change their systems of operations ,presently the process is that, the big poultry players take the farmers into the integrated mode and after raising the birds to certain age groups they are sold directly to the market and
- 2.3.8 95% of our poultry is wet market and there is no processing happening and the processing is hardly 5% and that too 2.5 % for the direct chicken products and frozen products and less than 2% is for the value added product ,and presently the industry has to change the system of production to processing based model (ie) they should produce the products in the places which has processing facility and market the produce through their own chain .
- 2.3.9 The demand for the poultry meat can be increased only if the industry will produce hygienic poultry processed meat at least for the urban population and when processed poultry meat is produced then situations like COVID 19 Crisis can be avoided
- 2.3.10 Government will promote incentivising the processing facilities like large poultry integrated processing plants along with various product diversification

- 2.3.11 There is a shortage of animal feed in our country, so the govt. is proposing loan with interest subvention for setting up animal feed plants
- 2.3.12 The government is encouraging to boost the private sector economy, by promoting the processing and value addition chain for the poultry sector
- 2.3.13 The government is trying to do the backward and forward linkages, which is important for the entire development of the Animal Husbandry Industry.
- 2.3.14 As per FSSAI every product should be processed in a hygienic area and there should be no road side slaughtering.

B) Projections of The Production For Year 2020-21 Before Covid 19 and Post Covid , Its Integrity and Value Of The Production Estimates For The Year 2020-21. Current Projections for the purpose of Input planning for Fisheries Sector

- 1.1 Mr. Sagar Mehra said, if we look at the production figures of 2018-19, we have already reached 13.8 MMT. Our target for 2019-20 is 15 MMT, so if we go by the growth trend so far, if we look at the last 5 years it is more than 7 ½ % and we are very much sure that, we will achieve this target of 150 Lakh tonne of Blue revolution,
- 1.2 As far as the scenario of Covid is concerned, we are trying our best to ensure that the brood stock especially for the shrimps, the imports are happening as usual. Whatever measures from government side we could do like extension of SIP validity, extension of registration of hatcheries, booking of EQF facility everything the government is trying their best.
- 1.3 In the wake of covid especially in the month of April & May as, this is the stocking time and because of some restrictions in some areas on workers and material were present, but the government is hoping to grow with normal rate of 7½ % and under PMMSY they are targeting annual growth rate of 9%.
- 1.4 Mr. Tarun Shridhar said that, it is very encouraging statement from the fisheries department, but the department of fisheries needs to revisit this entire situation and review, because of losing out on the stocking in many places all across the country.
- 1.5 There is also a situation where, the product did not have the market as, the farmers did not have the liquidity to go in for fresh stocking, and shrimp is only one part and we are going to lose one season which means we are likely to lose half of the annual production target in shrimps and in terms of fresh water aqua culture the stocking season ,the availability of seed ,availability of working capital etc ,should be looked upon in a very pragmatic manner and take the realistic views .
- 1.6 Sustaining the present levels of production without any growth can be one of the strategies to arrest the negative trends because along with this, various planning for the inputs is going to happen and this goes into the production and further supply chain.

- 1.7 Mr.Sagar Mehra said that, there are many challenges way forward ,but the DOF is an independent department now and has focused attention and they have better liaisoning with all the states and stake holders
- 1.8 Mr. Mehra said that, the challenges can be handled with the new infusion of capital through the new scheme, and another scheme, which is world bank assisted project is also under the very advanced stage of consideration under the Ministry of Finance and simultaneously FIBF has also taken off
- 1.9 Already project of Rs.2000 Crores has been approved and Rs.5000 crores project is also in the pipeline.

C) Feed & Fodder Scenario

1. Feed and Fodder Industry and requirements for the Livestock. Their Growth trends, Quality, Pricing & Demand

- 1.1 Mr. Vijay Thakre said that, the Finance Minister announced MNREGA to develop the fodder farms, which is one of the major achievements in the fodder sector wherein, the ministry of rural development will develop the fodder farms and the dept. has also laid the guidelines for the rural developments.
- 1.2 AHIDO under this EFC has been drafted and there is a provision for the establishment of feed plant. It may be mini, small and medium size for the PMR Development, by-pass protein etc so that focus can be given to better quality feed and feed testing facilities.
- 1.3 Government has realised the importance of this sector and they are focusing more on this as, 60% to 70% of the expenditure is on feed, at present the cost of the feed is more. So, there is a need to create the awareness that, in the consumption of the livestock products like eggs, meat there is a direct link (ie) whatever the farmer produces as raw material will go as the animal feed and further to the retailers as produce like egg, chicken etc in the value chain. We need to create awareness amongst the consumers for this activity as Supply chain has been broken and it needs to be revived.

2. Specific Schemes & Incentives which are available for establishment of Feed Mills

- 2.1 Mr. Vijay Thakre said that, under National Livestock Mission, under feed and fodder development provision of Rs.2 Crores is available for establishment of feed mills and feed labs. A private entrepreneur can get a maximum subsidy of 2 crores

D) Strategies for handling Dairy , Poultry, Feed & Fodder

1. The strategies to manage the dairy products as Milk and Dairy is the biggest items in terms of the livestock

- 1.1. Dr O P Chaudhary said that the working capital of the co-operatives including the private sector is getting blocked due to SMP and because they already have the stock of SMP so it is difficult to pass on the per litre earlier cost to the farmers. Hence department is now in the process of formulating a scheme which can help them to

give more working capital so that a breathing time for this SMP is created and after 3 to 4 months this scenario will ease out

2. Shri Tarun Shridhar said that the Industry is worrying about the handling the product. Here the demand has very sharply fallen in livestock product and the entire development and growth strategy had been production focused (ie) increase productivity and production Is there a strategy to handle this situation?

2.1. Dr O. P. Chaudhary said, Poultry is either integrator model and backyard poultry and the latter mostly functions in unorganized manner. The organized Sector Milk is also 40%. So, there is ability to bounce back.

2.2. He said that, the two sector Poultry and Dairy will bounce back in another 3 to 4 months or in a year and things will settle down and internal market purchasing power will also come up so that demand will be generated.

2.3. Post COVID poultry was having growth of 8 to 10%. The growth rate may come down in terms of milk but within 6-8 months things will get stabilized.

3. Strategies/Steps for the Poultry Sector Scenario to bounce back

3.1. This Industry should change their way of operation for its sustenance

3.2. Industry has to look for the overseas market to earn their capital and come up with the money. Mr. Dutta cited the example of US Industry and their sustenance

3.3. He was of the opinion that, government should create an environment and increase production and this has to be processed and the processing sector has to be taken care by the Industry itself and the poultry farmers should create their own marketing channels

3.4. Our poultry farmers should reform themselves so that, sustainable production can take place

3.5. The government is also trying hard to make available, the grains, at low cost so that production cost may go down and the farmers can earn profit.

3.6. He said that, there is an over production within the industry and as on date 50 crore chicks are placed and this is in excess, we suggest the industry has to assess the market and do the placements so that always there is demand in the market. Many farmers during the COVID crisis have destroyed the live chicken and eggs, and said that no government will support such situation and advised that the industry should work in a very structured manner.

4. Reasons for the high cost of production of Feed and Governments thoughts about this and Support of Regional Fodder Centres to the Livestock Sector in terms of better quality of feed and fodder

4.1. The important factor is the ingredients and Poultry Industry is mainly focused on the Maize and Soya meal. The cost of these ingredients is found to be very volatile. At one end its cost is higher and on another end its cost is lower. There is volatility in these two ingredients. So, there is a need to make available the ingredients at cheaper rate so that the industry can be benefited.

4.2. The Regional centres are engaged in the production of seed, as the requirement of quality seed is the major issue. Only 25% of the quality seed is available, especially in case of the fodder, so there is a need to focus more on quality seeds.

- 4.3. The regional fodder stations produce foundation seeds and later the certified seeds will be produced by state government agencies and thus the regional fodder stations play a major role in the production of quality seeds and if the quality seeds are available more production of quality fodder is possible
- 4.4. Mr. O. P. Chaudhary said that regarding GM Maize the AHD dept has already recommended. We have written to the concerned department and the moment we opt for the GM feed the cost will automatically come down
- 4.5. Maize consumption is 50% in poultry industry in terms of input but the farmer is not getting benefited, because, if the input cost goes down in the industry then the per kg cost to the farmers also goes down and the farmers will not be benefited due to low input cost right now and hence the MSP it is a sort of a contradictory situation
- 4.6. If the input cost of maize, soya or other inputs goes down then the farmer does not get the equivalent remuneration because the farmer incurs a high input cost for growing the fodder crop, hence GM crop in a way will solve the problem because ethanol etc are also related and hence in combination, government has to think big and this thought process has already started in the government
- 4.7. Another is for the milk. The Input cost for the Milk is around 70 to 80% and there is a need for the silage industry to come up and now the government (NLM) is coming up with the Privatization of the Silage Industry and government wants to withdraw from the silage industry
- 4.8. Mr. Tarun Shridhar said, most of the panellist and participants are really concerned about feed and fodder issue. Because feed is of the highest cost as far as cost of production is concerned and is the most important ingredient most important input in the production and also the most expensive. If we can handle the quality and cost of the feed, handling the cost without compromising the quality would make our industry really competitive and it is a very artificial kind of situation which has been created and the cost of the same product is artificially high and also at the Government level we need to convince the decision makers that genetically modified ingredients should be a scientific issue and not an ideological issue. He said that, we can make our Industry more competitive and is glad that there is some thinking going on in that direction.

E) Export Marketing Scenario of Fisheries & Poultry

1. The reasons of India Lagging behind in Poultry sector in the International/Export Market, though India is the third largest producer of poultry. Government Support to encourage export of poultry products

- 1.1. There are two aspects. Our products should be price competitive in comparison to the main producing countries like US & Brazil as they are selling products at cheaper rates.
- 1.2. Our industry should maintain the international standards Processing, Handling, hygiene and disease control in the poultry sector.

2. Fish is India's biggest Export (48,000 Crores approx. and out of this shrimp is 40,000 crores approx.). Post COVID scenario of Fish & Shrimp Export Market (as Shrimp and sea food are heavily dependent for the input and output on the overseas Market) & Justification of Atmanirbhar Slogan of PMO

- 2.1. Mr. Sagar Mehra said that, as a result of Covid the overseas demand has totally diminished, but most of the countries, they are relaxing their lock down restrictions and the government hopes that demand will pick up and we will be able to export our products
- 2.2. Apart from this, we also promoting our domestic market along with value addition of our harvest in the new markets, so that we can overcome the ongoing situation,
- 2.3. In order to sustain our exports, the government has come up with a strategy wherein, the government is promoting diversification of species and product abide by standards and certification and
- 2.4. Regarding species diversification government is trying to focus on Seabass, Tilapia, Mud Crab, Scampi, Pangasius and Tuna value additions, also in the export, the government is looking for ornamental fisheries. Its markets are in a big way and
- 2.5. The sea weed cultivation will also be promoted in a big way by the government.
- 2.6. The government is looking at the entrepreneurship models in private sectors i.e. PPP Model, Cluster based approach, where aqua parks would be an end to end solution, one stop solution so that we can sustain the momentum
- 2.7. Presently, the focus is only for one species, we are looking in a big way for the diversification of species.
- 2.8. Development of domestic Specific Pathogen Free (SPF) stock of potential fish species such as, black tiger prawn, *Penaeus monodon*- Asian Tiger Shrimp, sea bass, etc
- 2.9. The government will develop multiplication centres and nucleus breeding centres etc. and with the growing population the spending capacity of the normal areas is also increasing and the demand will increase and in the most schemes, the government is concentrating in a big way on the urban fish market as well.
- 2.10. Promote strengthening of our domestic demand, especially in urban markets of A and B grade cities i.e. retail market and wholesale market will be promoted in a big way. So that apart from exports we also have domestic demand in a big way in coming years.

F) Government's Campaigning Strategy during COVID 19

1. Government Campaigning Strategy for Dealing with fall in demand of Livestock Products, except Milk due to larger section of Indian population having cultural issues preferring eating Non-veg at restaurants and avoid home cooking, Dealing with Media Rumours about spread of pandemic due to non-veg consumption

- 1.1. Dr. O. P. Chaudhary said that this is the greatest challenge post covid and during covid also rumours through print media, electronic media, social media were there discriminating consumption of meat as it will be the cause of spreading corona virus.

Before the lock down itself the government has started giving advisories to the states and requesting industry also to counter the false propaganda

- 1.2. Till date the government has no proper strategy to counter it as it has some limitations and the industry should take initiative to counter it So, the government is requesting the industry to do this, he said that the AHD ministry is also being taken into confidence because social animal welfare activists , scientific people etc are also lobbying and are countering our efforts. There is a very strong need to create an awareness systematically with a strategy.
- 1.3. Mr. Sagar Mehra said that from DOF, we are writing to various chief secretaries and secretaries that consumption of fish and fisheries products will not spread COVID and other virus to humans. Few states at their end are taking some campaign, but there is no concentrated all India plan as such with the government.

G) Economic impact of COVID 19 outbreak on dairy sector and steps taken by the Department to mitigate the crisis:

This section was covered by Shri. Chinmoyjit Sen, Deputy Commissioner (Dairy Development), Dept. of Animal Husbandry & Dairying

1.1) Due to the onset of the situation owing to COVID 19, a large number of small private dairies are reported to have closed operations resulting in diversion of milk to dairy cooperatives. These small private dairies were mainly catering to milk based sweet making shops. Due to the restrictions imposed, the milk supply to hotels and restaurants by private as well as cooperative dairies have been affected. Some of the problems faced by the Cooperatives and private dairies due to the lockdown is given as under:

- a. Milk procurement and supply vehicle movement hampered
- b. Packaging material supply affected
- c. Distribution points closed down.
- d. Contractual staff/ labour not able to attend duties due to sudden lockdown followed by migration of labourers to other States/locations.
- e. Supply challenges being faced by distributors, transporters, labour, staff etc.
- f. Production units of packaging and other supply materials shutdown affecting supplies.
- g. Liquidity problem due to higher conversion of liquid milk into milk powder and white butter (due to increased milk procurement and reduced sale) causing depletion / evaporation of cash in hand/surplus.
- h. Distress selling of raw milk by milk producers
- i. Distress selling of livestock for want of supply/availability of basic feed concentrate (due to closure of village shops, disruption in supply chain etc) and even to some extent fodder (due to lockdown etc)

2.1 AMUL, the largest dairy cooperative constituting 40% of all cooperatives in the country has reported 10-12% higher milk procurement and 9-10% lower sales than their respective averages.

2.2 The milk procurement by major dairy cooperatives during March 2019 was 510 lakh litres per day (LLPD) whereas on 14th April 2020, it was 522 LLPD, and as on 22.05.2020, it is about 570 LLPD thus in the last one year there is an increase of 12 %. Although procurement of milk varies seasonally and based on the domestic & international demand, the sale of milk at the domestic market generally remains more or less stable. But due to supply chain disruption due to lockdown, Sale of milk has dropped from 329 LLPD in March 2019 to 318 LLPD as on 14th April 2020. However, with the intervention of the Department addressing issues related to supply chain disruption, milk sales have marginally increased to about 400 LLPD as on 22.05.2020. Thus, with an increased milk procurement, a gap of about 30% is observed between milk procurement and sales over the last one-year period. Due to higher milk procurement and lower sales, the cooperative sector has resorted to large scale conversion into high shelf-life products like milk powder, white butter and UHT milk. Such conversion results in blockages of funds, reduction in cash flow and thus they face difficulty in making payment to the farmers. Further, due to COVID 19 outbreak, there is reduction in income of milk consumers because of salary-cut, closure of business units etc. Due to income elasticity of demand of milk and milk products, there is decrease in demand for high valued products like ice-cream, flavoured milk, ghee, cheese etc. due to reduction in income of consumers. Post-COVID 19 outbreak, only a small quantity of milk are getting converted to products like paneer and dahi impacting the sales turnover and realization for the dairy units. This is likely to limit dairy cooperatives to procure milk at the current level. Dairy cooperatives might be forced for downward revision of procurement price.

2.3 As of now, the procurement price of milk has marginally reduced. Average procurement price of ₹ 37.65 per litre (6% fat and 9% SNF) in Jan 20, has marginally reduced to ₹36.56 per litre as on 22.05.2020.

2.4 The stocks of Skimmed Milk Powder (SMP) is a major indicator of the prevailing situation. In the month of January 2020, the stock of SMP was 47,946 Metric Tonnes (MT) and sold @ Rs. 314/kg in the domestic market. The stocks of milk powder in February 2020 was only 62,455 MT sold @ Rs. 320/kg and has increased to 86000 MT in the first week of April 2020 and price fell down to Rs.250/kg. With the extension of the lockdown period, it is likely to further create financial stress to the cooperatives.

2.5 To mitigate the crisis situation, the Department has initiated aggressive consultation with the stakeholders. The Department has diligently addressed major supply chain related issues resolving them to a larger extent. It was largely ensured that dairy cooperatives and private dairy processors can operate during the lockdown period by restoring operations of their milk procurement /collection centre, milk sale booths, packaging material making units, cattle feed plants etc.

2.6. Furthermore, based on the feedback received from the dairy industry, the Department made an assessment that at least ₹5000 Cr would be required as working capital for dairy cooperatives. The Department has therefore initiated a scheme to make provision for interest subvention on working capital loan for the dairy industry through one of the Department's scheme titled "Supporting Dairy Cooperatives and

Farmer producer Organisation". This interest subvention could be availed by dairy cooperatives on working capital loan to be taken by them from any financial institution across the country. Even, unsecured loans are also eligible for getting such interest subvention benefits. This will enable dairy cooperatives to get much needed liquidity to sustain their operations. The scheme will provide interest subvention of upto

2% on working capital loans to cooperatives and milk producer companies. Dairy cooperatives can get additional 2% as interest subvention on timely and prompt repayment of loan.

The scheme will have the following benefits:

- Help in providing stable market access to milk producers.
- Enable the Producer Owned Institutions to make timely payment of milk bill to milk producers in farmers' income from dairying even during flush season making the dairy operations viable for milk producers.
- Help Producer Owned Institutions in supplying quality milk and milk products to consumers at a reasonable price.
- Help in stabilizing the domestic market price of conserved dairy commodities.
- Lead to reduced dependency on imported commodities during the period of shortage, thereby helping in stabilising the domestic prices of milk and milk products.

2.7. On the lines of DIDF and FIDF, the Department has also initiated the process of finalising another scheme titled Animal Husbandry Infrastructure Development Fund (AHIDF). This scheme envisages to provide interest subventions upto 3 % for creation of dairy infrastructure including cattle feed plants etc, amongst other activities.

Eligible Private dairy processors can avail subsidised loan out of the corpus fund with an overall amount of ₹15000Cr. Finalisation of the scheme modalities and its final approval is in progress.

2.8. Besides above, following additional suggestions as way forwards could be explored for the benefit of dairy industry on short term, medium/ long term basis to restore and develop dairy activities across the country:

Short term:

a. Transport subsidy on cattle feed concentrate supplied by dairy cooperatives to their

enrolled farmer members may be provided to the dairy cooperatives. However, dairy cooperatives should pass on such subsidies to the farmer-members by linking it with the quantity of milk poured by these farmers.

Justification: Cattle feed constitutes a major share (about 70%) of total cost of production of milk. Due to supply chain disruption, farmers are compelled to pay a high price for the feed needed to continue and sustain milk production activity viably. Under these circumstances, transport subsidies on cattle feed will help farmers to partly reduce their high feed cost burdens.

Medium/long term:

b. Capital subsidy linked with bank loan to purchase milking cattle may be provided to small and marginal farmers. Such capital subsidy may be provided through GoI schemes like State rural livelihood missions. Bank loan component could be interest free for initial one year (grace period) with a moratorium period of another

one year, on interest. These small farmers should be encouraged to form SHGs or JLGs, in absence of collateral security (for loan above ₹1 lakh). Repayment of such unsecured bank loan component could be linked with joint assets of SHGs.

Justification:

Due to lockdown, distress selling of livestock in rural areas has affected means of sustenance and the income of small and marginal farmers. To bring these farmers into the fold of rearing of livestock like milking cattle, poultry, piggery etc., they need to be supported.

c. Cattle feed manufacturers may be encouraged to prepare district-wise ingredients (cattle feed) matrix. The scope of the such matrix could be enlarged to cover breed-wise (of livestock) balance feed requirement /nutritional requirement and which ingredient could meet that requirement. Such ingredients matrix will help compound feed manufacturers and farmers to locally source their ingredients at lesser price by saving transportation cost, reducing wastage of resources. Even the option of low-cost protein sourcing through green fodder could be explored. This initiative will help farmers at large to minimise their cost of production.

Justification: Transporting feed ingredients from one district to another adds to the cost of compound feed. Supply chain bottlenecks has now become one of the major constraints in sourcing feed ingredients. As a result, in some part of the country, ingredients are either wasted or farmers are selling at through away prices under compelling circumstances.

H) Summary & Conclusions

1. Mr. Tarun Shridhar said now in this scenario the focus on production and productivity has also pushed up the demand and by pushing the supply side and demand side probably we are creating an imbalance as far as livestock economy is concerned
2. He said that, the general uncertainty in the Industry is basically due to the crisis situation and uncertainty on account of response to the situation
3. He said that the government panellists have given a very big and optimistic kind of scenario However, he added that the commitment and willingness to keep engaging in a dialogue and feedback with the Industry should keep continuing
4. We will also have to keep looking at the various kinds of incentive in terms of Matsya sampada yojana, in terms of animal husbandry infrastructure development fund ,while they are usually welcome financial allocation for this sector which has not happened in the past but at the same time something which was always in the pipeline , but this crisis has enabled to accelerate the process, process of approvals, etc. of different schemes of the government
5. Mr. Sagar Mehra added that, the situation is challenging, but we should stay optimistic and there should be no place for anxiety and we should all work together with the industry more often we should have more and more dialogues and address the issues together.
6. Mr. Tarun Shridhar extended his thanks to all the panellists and appreciated CLFMA for organizing the webinar
7. Mr. Tarun Shridhar said that, policies and programs especially with huge investments in livestock sector, fishery sector and even dairy sector with infrastructure development fund should be utilized efficiently to overcome the crisis

Mr. Bhav, Chairman CLFMA extended his thanks to all the panellists and the participants

I) Poultry Industry - Comments by Mr. Soundararajan , Past Chairman, CLFMA OF INDIA

1. The Poultry Industry in the year 2019 itself started suffering because of the very high cost of inputs like Maize and Soyameal.
2. Maize annual consumption was around 14 million tonnes. Industry spent INR. 4,000 crores additional cost than the previous year. It cost around 5,600 (five thousand six hundred) crores. Soyameal 60 Million tons @ INR.4,000, Spent Rs.2,400 Crores more than the previous year. We are suffering because of the high raw material cost.
3. Dr O. P. Chaudhary, JS-NLM and his team has done an excellent job in countering the mis-propaganda with regard to the rumours of spread of corona virus due to consumption of chicken meat. They removed the fear of the consumers by giving advisory statements to the state governments, who also took timely actions and was able to revive the situation in a months' time.
4. Due to the rumours, it led to a loss of nearly about INR. 40,000 crores not only for the chicken industry but also for the egg industry.
5. Now gradually the markets are picking up and presently the production is going up to 30 to 40% and demand is also ranging from 30 to 40% and is matching. but many farmers and even companies are in bad shape, as their balance sheet is impacted heavily. Their 20 to 30 years efforts are lost.
6. With regard to exports he said that, it will not happen for another 2-3 years as, we have to match on corn and soya at par with the Brazilian and US price.
7. He said that the GM Feed has to be implemented for Input cost reduction
8. He added that, currently the maize producers are also hit heavily. Last year at the same time the world market prices were around 16 to 17 thousand Rupees per ton and currently it has gone down.
9. Farmer is getting INR.9,000 Rupees per ton. Trade level would be around INR.12,500 per ton. and said that the poultry and the agricultural farmers are incurring losses
10. Now there are lot of stimulus packages given (i.e.) about INR. 20 lac crores and out of that 2.5 lakh crores are going to the direct cash flow to the small and marginal farmers. but at the same time for INR.17.5 lakhs crores we have to depend predominantly on banker's disposal, the banker's disposal has not come into effect.
11. He said that, the government on short term basis should concentrate on allocation of funds needed as more than 50% companies and farmers have lost their business.

12. To recoup the business again money is needed and this allocation should be sector based, since the industry will take 2 years to recoup, the NPA norms are to be relaxed for a period of 2 years, then interest subvention is the other way but not for a new creation of infrastructure because already we are running with the higher infrastructure. The interest subvention should be given for the already existing loans on Feed Mills, Hatchery etc and not for the new ones.

