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EDITORIAL ANALYSIS

The Next Price Shock May Begin in the Fodder Field

DOWN TO EARTH

25 July 2026 · ECONOMY · GS3

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THE LIFT LINE

We watch the grain markets for the next inflation shock. It may instead arrive quietly through the cattle shed, because a hungry cow does not wait for the harvest.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The dairy-fodder channel is the part of the monsoon-inflation story that most answers miss. Everyone links a weak monsoon to cereal prices; few can explain why milk, the single largest item in the average Indian food basket, can turn inflationary even when foodgrain stocks look comfortable. That gap is exactly where a distinctive answer is built.

GS Paper 3: Climate change and the Indian monsoon, agriculture and allied sectors (livestock and dairy), food security, and the transmission of a climate shock into food-price inflation and monetary policy.

For **Prelims**, hold the specifics: **El Nino** and **ENSO** as a warming of the central-eastern equatorial Pacific; the **Nino 3.4 index** as the key gauge; the **Indian Ocean Dipole** as a possible offset; India as the **world"s largest milk producer** with roughly a **24 per cent share** of global output; and the fodder deficit numbers (green, dry and concentrate). For **Mains**, argue that spatial rainfall distribution, not the national-average number, governs livestock output, and that the fodder shock is lagged, so it escapes real-time monitoring.

BACKGROUND AND CONTEXT

By mid-July 2026 the all-India southwest monsoon was running about **21 per cent below the Long Period Average** (IMD, as of July 14, 2026), after a late Kerala onset around June 4. The larger worry sits in the Pacific: the weekly **Nino 3.4 index centred on July 15, 2026 climbed to about +2.1 degrees Celsius**, signalling a strengthening event that forecasters warn could evolve into a **very strong, or super, El Nino** persisting into early 2027. The **Indian Ocean Dipole remains neutral**, so there is no reliable offset in view.

The usual anxiety in an El Nino year is about rice, pulses and vegetables. But India is the world"s largest milk producer, and milk carries a heavy weight in the consumer food basket. Livestock depends not on the grain we eat but on **fodder**: green fodder from grasslands, field margins and cultivated forage, and dry fodder from crop residue such as straw. India already runs a structural fodder deficit even in a normal year, estimated at roughly **11 to 32 per cent for green fodder, about 23 per cent for dry fodder and over 40 per cent for concentrate feed**. Feed and fodder make up nearly **60 to 70 per cent of the cost of milk production**, so any squeeze on fodder feeds directly into the price of milk.

THE CORE ARGUMENT / ISSUE

The argument is that in a super El Nino year the first casualty is not the grain silo but the fodder field, and because that damage is spatial and lagged, it slips past both the national rainfall headline and standard inflation models.

Fodder is where the rain hits first

Fodder land is the least protected land in Indian agriculture. Grazing commons, uncultivated margins and rain-fed forage plots almost never receive irrigation, so a dry spell strikes them before it reaches an irrigated grain field. A patchy monsoon that leaves the national average looking merely below normal can still devastate the rain-fed grasslands that livestock actually depend on.

Distribution beats the average

For dairy, the crucial variable is not how much rain India gets but where and when it falls. The major milk states of Uttar Pradesh, Bihar and Rajasthan already run the widest fodder gaps. If the deficit concentrates over these belts, national milk output can fall even if the country-wide rainfall figure looks tolerable. This is why a spatial reading of rainfall matters more for livestock than any single national percentage.

The lag that fools the models

A grain shock shows up in weeks. A fodder shock unfolds over months: thin fodder leads to poorer animal nutrition, then lower milk yield, then culling of unproductive cattle, and only later does milk price climb. Macro models built on cereal prices and current rainfall tend to miss this delayed dairy channel entirely, so policymakers can be caught off guard.

ELEMENT	READING (2026)	WHY IT MATTERS
Monsoon vs LPA	About 21% below (mid-July)	Rain-fed fodder land hit first
Nino 3.4 index	About +2.1C (July 15)	Strengthening toward super El Nino
Indian Ocean Dipole	Neutral	No reliable offset
Green fodder deficit	About 11 to 32%	Structural, worsens in dry years
Feed share of milk cost	About 60 to 70%	Fodder squeeze passes into milk price
India milk share	About 24% of world output	Dairy shock has broad basket impact

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Use a **first-mover-and-lag frame**. In any climate-to-inflation chain, ask two questions: which input gets hit first, and how long before the price moves. For dairy the first mover is unirrigated fodder, and the lag is several months. A risk that is both early to break and slow to surface is the hardest for policy to catch, which is precisely why the fodder channel deserves its own monitoring rather than being folded into a general cereal-price story.

THE DIAGRAM IN WORDS

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Super El Nino plus neutral dipole -> patchy, deficient monsoon -> rain-fed fodder land dries first -> green and dry fodder deficit widens in UP, Bihar, Rajasthan -> poorer cattle nutrition and lower milk yield (lagged) -> dairy-led food inflation that models missed -> buffer with fodder banks, silage and forecasting
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WAY FORWARD

1. **Build a fodder early-warning system.** Track district-level fodder and grassland condition alongside rainfall, so the dairy channel is monitored in its own right rather than inferred from cereal prices.
2. **Create and stock fodder banks.** Pre-position silage, hay and feed reserves in deficit-prone milk belts, and enable quick inter-state movement of fodder during a dry year to prevent distress culling.
3. **Launch a green-fodder push.** Promote high-yield forage varieties, dual-purpose crops, azolla and fodder cultivation on degraded and margin land to shrink the structural deficit.
4. **Protect the dairy household.** Ready timely support through cooperatives and animal-nutrition schemes so small dairy farmers are not forced to sell cattle, and so a supply dip does not harden into a lasting price rise.

PYQ LINKAGE AND PRACTICE

UPSC has repeatedly linked El Nino, La Nina and the Indian Ocean Dipole to the monsoon, and has asked about food security and the drivers of food inflation. The dairy-fodder angle lets an aspirant answer these with a fresh, less-crowded example.

Practice question (Mains, GS3, 15 marks): “In an El Nino year the next food-inflation shock may originate in India”s fodder fields rather than its grain markets.” Examine the climate-to-price transmission in the dairy sector and suggest mitigation. (250 words)

Sources: Down To Earth, Down To Earth

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