

DAIRY FARMERS AND DAIRY CO-OPERATIVE SOCIETIES A PROGRESSIVE APPROACH

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ABSTRACT

Dairy sector has great contribution to the GDP of the country has come from the milk dairy co-operative sector. The main aim of this paper is to analyse the details of farmers and dairy co-operative societies a progressive approach. The study based on primary and secondary data has been collected from details of farmers and dividends of co-operatives in milk procurement and input and details of financials benefits per dairy farmers, interview scheduled dairy farmers and the period of the study primary and secondary data 2020, expressed that the benefits has shown an increasing through the palakkad district.

Keywords: Dairy Co-operatives, Dairy Farmers

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INTRODUCTION

Cattle sector are important to the livelihoods of a large percentage of rural population and livestock related interventions are found to be a successful strategy for poverty alleviation all over the world. About 900 million of the world's 120 million extremely poor people live in rural areas and most of them rely on cattle as a livelihood option and livestock keeping is crucial for the rural poor. Approximately 600 million poor smallholders keep nearly one billion heads of livestock. Livestock contribute 40 per cent of the global value of agricultural output and support the livelihoods of almost a billion people. Food security exists “ when all people at all times have access to adequate levels of safe , nutritious food for an active and health life and cattle sector, only for rural small holders who rely directly on live stock for food, incomes and services. (FAO, 2009).

Livestock keeping is traditionally linked to the culture of rural India as a key livelihood and risk mitigation strategy. It contributes to the livelihood of the poor in many ways- income from products, insurance against drought, emergency cash requirements, household nutrition, and power of farming. The smallholders' farmers together control 75 per cent of country's live stock resources. Since the livestock wealth of India is mostly distributed among the marginal and small landholders, any growth in the sector would be beneficial to the rural poor of India.

Dairying is recognized as important source of income for dairy farmers in India since on an average 22.2 per cent of the income of the rural households is contributed by milk. A large majority of milk producers have one or more milch cattle and account for about 70 per cent of milk production. Low capital intensity, short operating cycle, steady returns make dairying a preferred livelihood activity among the dairy farmers. Lack of other lucrative and alternate employment opportunities in the villages often make dairying the only viable option for many villagers. It helps to improve the status of rural masses especially weaker sections, consisting of small and marginal farmers of low income families. The World Bank funded Operation Flood Programme covering all its three phases (1970-1996) commonly known as “White Revolution”

was instrumental for enhancing the milk production in the country .The importance of Operation Flood Programme was its focus on small rural producers.

At present, private and co-operative organizations are engaged in the production, procurement, processing and marketing of milk in rural areas. The milk producers who sell their milk through private local traders are always exploited. The private traders are interested in maximizing their profits and are least concerned in improving the productivity of Dairy farming. The burden has, therefore, fallen on the co-operative sector. The Primary Milk Producers Societies are organized to help in developing Dairy as an industry. The Dairy Co-operatives have played a key role in developing the Dairy sector in rural areas.

Dairy Co-operative Society (DCS) is formed by milk producers. Any producer can become a DCS member by buying a share and committing to sell milk only to the society. Each DCS has a milk collection centre where members take milk every day. Each member's milk is tested for quality with payments based on the percentage of fat and SNF. At the end of each year, a portion of the DCS profits is used to pay each member a patronage bonus based on the quantity of milk poured. The District Union District Co-operative Milk Producers' Union is owned by dairy cooperative societies. The Union buys all the societies' milk, then processes and markets fluid milk and products. Most Unions also provide a range of inputs and services to DCSs and their members: feed, veterinary care, to sustain the growth of milk production and the co-operatives' business. 17 The State Federation the Co-operative milk producers' unions in a state form, a State Federation, which is responsible for marketing the fluid milk and products of member unions. Some federations also manufacture feed and support other union activities. The growth of Primary Dairy Co-operative Societies in the kerala in recent times is paralleled in the annals of the history of the co-operative movement.

Review of Literature

Muranjan (1977) has analysed the titled “Factors Responsible for Increased Procurement of Milk in Maharashtra” by the co-operative societies has ascertained the factors responsible for increased procurement of milk. He has concluded that among the factors responsible, two most important factors were increase in the number of collection centres and a

substantial increase in the number of Dairy Co-Operative Societies due to the encouragement given by the Government

Jithendra Kumar and Sankara Murthy (1990) have analysed the study “Impact of Dairy Co-operatives on Income and Employment in Chittoor District, Andhra Pradesh – An Economic Analysis”, came out with the findings that the income earned from dairying was more by members of societies than nonmembers. The agricultural labour and non-agricultural labour earned more income from dairying than small farmers. The dairy co-operatives had contributed in generating more income and employment to the dairy farmers

Kurain (2007) is off the view that through operation floods the production and marketing with the professional management support has led to the socio-political and economic empowerment of millions of marginal dairy farmers in the country.

Singh (2012) has concluded that the study entitled, “Impact of Dairy Cooperatives on Production, Consumption and Marketed Surplus of Milk’ ’ determined the effect of dairy co-operatives on milk production, consumption and marketed surplus of milk for members and non-members. The study revealed that for members and non-members respectively, overall average annual milk production per household was 2806.85 kgs. And 1556.72 kgs. Average daily milk consumption per household was 2449 grams and 1523 grams. The percentage of surplus production marketed was 75.3 and 29 for members and non-members respectively.

Co-operatives therefore improve the marketing of milk through the minimization of transaction costs associated with selling milk as a perishable product. Co-operatives provide a reliable market outlet to dairy farmers and they have the advantage in the collective marketing of milk which significantly lowers transaction costs among the smallholder farmers (**Kolleh, 2016**).

Nabiswa and Siamba (2017) revealed that some dairy farmers in Bungoma County sold their milk to cooperative societies which later sold it to milk processors or processed it to other dairy products through value addition. The importance of cooperative marketing gives farmers strong bargaining power to get high returns from dairy produce. The cooperative provides its members with a platform upon which they can run their dairy business with members’ interests at heart. Further, cooperative societies were found to assist farmers in provision of information about the market, breeds, feeds and credit, which is important for sustainability and increased milk production and productivity. However, the study noted that some cooperatives would offer

dairy farmers prices below market value or impose hidden levies at the expense of the farmer. This discouraged the farmers from supplying milk to cooperative societies and preferred to sell it directly to consumers especially those offering better prices.

Objectives

- To find out the extent of utilization of existing support services and linkages of the dairy sector and dairy co-operative society by the dairy farmers.

Methodology

The paper used primary and secondary data they were obtained from the official publications such as dairy directory report and from the related websites.

Result and Discussion

Table 1 shows that the details of farmers and dividends of co-operatives in Palakkad district for the year 2019-20 an amount of 2533413 lakh has been allotted to the dairy cooperative society for various activities out of which total profit of 1558144.88 lakh, 301750.40 net profit, 45263.00 stock capital, 30175.00 cooperative member relief fund, 15088.00 cooperative education fund, 15088.00 professional education fund, 196136.49 dividend, 126845.22 producers bonus, 19514.65 nanma fund, 19514.65 dairy development fund, 195145.65 building fund and 9757.32 cooperative meeting fund are also utilized for the development activities of the societies.

Table .1. Details of Farmers and Dividends of Co-operatives in Palakkad District

Sl. No	Dividend	%	Total
1	Total Profit/Trade Profit	-	1558144.88 (61.50)
2	Net Profit	-	301750.40 (11.91)
3	Stock Capital	15	45263.00 (1.78)
4	Co-operative Member Relief Fund	10	30175.00 (1.19)
5	Co-operative Education Fund	5	15088.00 (0.59)
6	Professional Education Fund	5	15088.00

			(0.59)
7	Public meeting	-	196136.49 (7.74)
8	Dividend	10	990 (0.03)
9	Producers Bonus	65	126845.22 (5.00)
10	Nanma Fund	10	19514.65 (0.77)
11	Dairy Development Fund	10	19514.65 (0.77)
12	Building Fund	10	195145.65 (7.70)
13	Cooperative Meeting Fund	5	9757.32 (0.38)
Total		1.45	2533413

Source: Dairy Co-operative societies in Palakkad

Table 2 shows the milk procurement and input in Palakkad district, is number one in milk production and has recorded a 98 per cent increase in milk supply during 2016-17 to 2017-18. The Year with the lowest increase was 2008-2009. The estimated Compound Growth Rate (CGR) was farmer members (3.52), milk suppliers (2.35), milk procurement per – supplier per – day (4.73) and total milk PROC: APCOS Contribution (100) per cent during the period of reference. Regarding farmer members, the AGR has increased from 6.13 in 2009-10 and fell to -2.11 in (2017-18). Milk suppliers highest AGR in 2009-10. Milk procurement per supplier per day highest AGR in 17.46 in 2017-18.

Table .2. Milk Procurement and Input (P&I) in Palakkad District

Year	Farmer Members (APCOS)	AGR	Milk Suppliers	AGR	Milk Proc.Per-Supplier Per - Day	AGR	Total Milk PROC: APCOS Contribution	AGR
2008 - 2009	262,327	-	73,893	-	5.26	-	92%	-
2009 - 2010	278,410	6.13	79,039	6.96	4.94	-6.08	96%	4.34
2010 - 2011	291,812	4.81	79,159	0.15	5.02	1.61	94%	-2.08
2011 - 2012	293,908	0.71	80,293	1.43	6.33	26.09	96%	2.12

2012 – 2013	306,831	4.39	84,325	5.02	6.48	2.36	96%	0
2013 - 2014	319,219	4.03	84,107	-0.25	6.36	-1.85	96%	0
2014 - 2015	332,753	4.23	87,901	4.51	6.84	7.54	96%	0
2015 - 2016	342,938	3.06	92,353	5.06	6.99	2.19	97%	1.04
2016 - 2017	360,828	5.21	92,719	0.39	6.70	-4.14	98%	1.03
2017 - 2018	353,192	-2.11	88,937	-4.07	7.87	17.46	98%	0
CGR	3.52		2.35		4.73		100	

Source: Dairy Development Report in Kerala (2018)

Table 3 shows the details of financial benefits per dairy farmers Provides benefits to dairy farmers from the Dairy Farmers Welfare Fund. The table shows the background of the profit margins available to dairy farmers. Dairy Farmers' Pension (Rs. 1100), Disability Pension (Rs. 1100), Family Pension (Rs. 150), Posthumous Financial Assistance (Rs. 3000), Marriage Assistance (Rs. 5000), State Level Award for Best Dairy Farmer (Rs. 5000), Dairy Security Scheme (5000).

From Palakkad district, an average of `14 lakh per month is paid to the Dairy Farmers' Welfare Fund in the form of contributions. It is a matter of pride that Palakkad has been able to provide membership, pension, family pension and other benefits to a large number of beneficiaries as compared to other districts in the state. It is a matter of great pleasure to everyone that the Welfare Fund Board is actively considering increasing the benefits from the Dairy Farmers' Welfare Fund and implementing new welfare schemes for dairy farmers.

Table .3. Details of Financial Benefits per Dairy Farmers (Per month)

Sl. No	Benefits	Amount(Rs.)
1	Dairy farmer's pension	1100 (3.62)
2	Disability pension	1100 (3.62)
3	Family Pension	150 (0.49)
4	Posthumous financial assistance	3000

		(9.88)
5	Marriage financing	5000 (16.47)
6	State level award for best dairy farmer	5000 (16.47)
7	District level award for best dairy farmer	5000 (16.47)
8	Dairy safety plan	5000 (16.47)
9	Education funding	5000 (16.47)
Total		30,350

Source: Dairy Directory (2018)

points out those more than 3500 Dairy Societies located all over Kerala are actively working to procure the surplus milk locally, to provide fair prices to the farmers in a timely manner and to provide other benefits to the dairy farmers. That is; Subsidies, Food and fodder, Milk, Milk products and mililking machine etc. To the dairy farmers who are members of this Dairy Cooperative Society; Welfare pension for a member over 60 years of age on the basis of certain eligibility criteria, disability pension for a member who is unable to continue raising cows due to disability or fatal illness, 'Family pension' for the heir at the death of the pensioner member, posthumous financial assistance for the member of the Welfare Fund, member's pension According to the Dairy Farmers' Opinion Survey, although dairy farmers receive benefits such as education-based education funding, member treatment assistance and the District and State Level Awards for Best Dairy Farmers, not all Dairy Cooperative Societies provide these benefits. However, Nalleppilly Dairy Cooperative Society is the largest and best Dairy Cooperative Society in Nalleppilly Panchayath which provides all the benefits to the dairy farmers.

The quality milk produced by the dairy farmers is stockpiled on a daily basis without any quantity limit and the quality is checked and the price is paid in a timely manner as per the approved chart. The fodder is imported directly from the companies and sold to the farmers at possible discounts. Provides necessary information and assistance for such benefits to dairy farmers from various departments, Trithala Panchayats and Dairy Welfare Fund.

NABARD benefits Nationalized Banks, Co-operative Banks and through rural banks. The Dairy Entrepreneurship scheme provides financial assistance for multi-purpose activities such as dairy units and manufacturing units. Apart from the collection and marketing of milk, other services, such as dairy inputs, extension services, veterinary health care, artificial-insemination services, provision of animal feed, fodder seed, planting material, fertilizers and credit, and training and education, can also be provided through cooperatives.

Table .4. Benefits Available from Cooperative Societies (Annual)(2020)

SL.No	Benefits	Dairy Co-operative Societies			Total
		Nalleppilly	Oluvampatta	Karinjalipallam	
1	Subsidies	9,525,000.00 (127) [204,330.70]	7,950,000.00 (93) [244,811.32]	8,475,000.00 (126) [229,646.01]	25,950,000.00 (346) [678,788.03]
2	Food and Fodder	2,540,000.00 (127) [54,488.18]	2,120,000.00 (93) [65,283.01]	2,260,000.00 (126) [61,238.93]	6,920,000.00 (346) [181,010.12]
3	Milk	3,175,000.00 (127) [68,110.23]	2,650,000.00 (93) [81,603.77]	2,825,000.00 (126) [76,548.67]	8,650,000.00 (346) [226,262.67]
4	Milk Products	31,750.00 (127) [398.50]	5,300.00 (93) [477.45]	13,560.00 (126) [447.87]	50,610.00 (346) [1,323.82]
5	Milking Machine	571,500.00 (127) [4,500]	0.00 (0) [0]	0.00 (0) [0]	571,500.00 (127) [4500]
Total		15,843,250.00 (127)	12,725,300.00 (93)	13,573,560 (126)	42,142,110.00 (346)

Source: Computed

Note: Figures in Parentheses are Per Cent age to the Total

Number of Dairy Farmers (), Average []

Table 5 shows the value of milk as well as the list of sources of income that each dairy farmer receives from dairy co-operative societies as part of cow care for dairy farmers is 5. The general perception is that the main source of income from cows is only through the sale of milk. Since the milk can be sold entirely locally or through the dairy group, the farmer gets the price of

the milk as income. But most farmers do not realize that if milk is sold as value-added products such as yoghurt, paneer, sip, chocolate, ghee and butter, they will earn more than they get when they sell milk.

For example, milk obtained as a result of physical and mental labor costs around Rs. 30 per liter, while the same milk is sold for about Rs. [Income from collecting and weaving the husk obtained by changing the milk husk is different]. That is, a farmer who produces 12 liters of milk per day earns about Rs. 5,000 more per month. It does not require any special investment or hard work. Dairy farmers can increase their income by making and selling paneer.

The industrial potential of milk is underscored by the fact that milk is made from lassi and yoghurt, and yoghurt is made from butter and ghee. If so many products are obtained by fermenting milk, then there are more products that can be made by dissolving and drying milk. Different and delicious products like Paneer, Channa, Sandesh, Gulab Jamun, Rasagula, Khowa, Peda, Zip Up, Fly Word Milk and Ice Cream highlight the richness of Pal's product diversity. Milk can be packaged or bottled to gain a permanent market through flats and supermarkets. Milk can also be sold at a higher price if contracted with catering units and hotels.

The income can be generated by selling the calves and unhealthy calves in the pen. If a biogas plant is set up, using the biogas obtained from it as cooking gas will result in a good monthly profit on household expenses. Extra income can be generated by drying the slurry obtained from the plant or by drying the manure and packing it into packets. And get rid of environmental pollution. The fact is that dairy farmers in all Dairy Co-operative Societies do not earn income from such sources. In addition, the list analyzes that subsidies to dairy farmers from the Dairy Cooperative Society and bonuses for Onam, Christmas and Vishu are an important source of income for dairy farmers. All the societies provide fodder at subsidized rates to the dairy farmers. Although the milking machine is given to the dairy farmers by the societies at subsidized rates, the milking machine is not given much importance in view of the opinion of the dairy farmers; This is because dairy farmers say that when milk is milked with a milking machine, the quantity of milk decreases and their income decreases, which results in loss of income to the dairy farmers in the dairy sector.

Table .5. Income Available from Cooperative Societies (Per Year)

SL.No	provisions	Dairy Co-operative Societies			Total
		Nalleppilly	Oluvampatta	Karinjalipallam	
1	Subsidies	9,525,000.00 (127) [204,330.70]	7,950,000.00 (93) [244,811.32]	8,475,000.00 (126) [229,646.01]	25,950,000.00 (346) [678,788.03]
2	Milk	2,540,000.00 (127) [54,488.18]	2,120,000.00 (93) [65,283.01]	2,260,000.00 (126) [61,238.93]	6,920,000.00 (346) [6,243,664.19]
3	Milk Based Products	0.00 (0) [0]	0.00 (0) [0]	0.00 (0) [0]	0.00 (0) [0]
4	Livestock Sale	5,715,000.00 (127) [122,598.42]	4,770,000.00 (93) [146,886.79]	5,085,000.00 (126) [137,787.61]	1,55,70,000.00 (346) [407,272.82]
5	Bonus	1,27,000.00 (127) [2,724.40]	1,06,000.00 (93) [3,264.15]	113,000.00 (126) [3,061.94]	3,46,000.00 (346) [9,050.49]
6	Dividend	2,533,412.51 (127) [54,346.87]	2,114,501.78 (93) [65,113.70]	2,254,138.69 (126) [61,080.11]	6,902,052.98 (346) [180,540.68]
7	Investment	1,270,000.00 (127) [27,244.09]	1,060,000.00 (93) [32,641.50]	1,130,000.00 (126) [30,619.46]	3,460,000.00 (346) [90,505.05]
Total		21,710,412.51 (127)	1,81,20,501.78 (93)	193,17,138.69 (126)	5,91,48,052.98 (346)

Source: Computed

Note: Figures in Parentheses are Per Cent age to the Total

Number of Dairy Farmers (), Average []

Conclusion

The present study is a situational analysis of the dairy farmers in Palakkad with to the Dairy Co-operative Societies. It has presented an overall situation of dairy farmers and dairy co-operatives. The dairy co-operatives have organized the dairy farmers and created the necessary infrastructure facilities and marketing network for successful dairy farming. The demands for milk are increasing even in rural areas with significant increase in the number of local consumers of milk from the dairy co-operatives. The dairy farmers have very consistent perception about the strengths of the APCOS in organizing farmers and creating the ‘ common assets’ for dairy based livelihood in village s and consider that APCOS have the capacity to overcome the challenges in dairy cooperative society by recognizing its strengths.

The study has revealed that dairy co-operative society activity is profitable if scientific as well as cost effective strategies. The dairy farmers who have obtained the required training in dairy farming were found to be earning reasonable return and the dairy farming practices are becoming supportive for reducing the input cost of agriculture and house hold expenditure.

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