

An Analysis of Performance of The Dairy Cooperatives In India With Special Reference To Tamilnadu

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Abstract

The main objective of this work is to study the issues in improving the operational efficiency of the dairy supply chain in Tamilnadu, India. Dairy Farming is a major occupation of the people of Tamil Nadu, India and it contributes a significant amount to the growth of our country. The major concept is to prepare and execute strategic plans to promote structured and focused decisions and actions to attain improvement, increase in dynamic economic environment characterized by industrial changes, affecting business enterprises.

Keywords: Structure of Dairy Cooperatives, Global Dairy Scenario, Dairy Farming and Economic Development, Functions of Milk Federation (TCMPF), Milk Varieties of DCMPUS

Introduction

Dairy Cooperative is an association of small-land-holder of milk producers, marginal farmers and landless laborer's to organize to produce milk and milk products, collection of milk, carry out research to maintaining the quality of milk and bovine, manage the farm and production of fodder and marketing the milk and milk products. It serves the interest of not only to its members but also community at large. India with 134 million cows and 125 million buffaloes is the largest population of cattle in the world. Total cattle population the country as on October 2010 stood at 313mn. More than fifty percent of the buffaloes and twenty percent of the cattle in the world are found in India and most of these are milch cows and milch buffaloes. India dairy sector contributes the large share in agricultural gross domestic products.

Presently there are around 70,000 village dairy cooperatives across the country. The co-operative societies are federated into 170 district milk producers' unions, which in turn has 22-state cooperative dairy federation. Milk production gives employment to more than 72 million dairy farmers. In terms of total production, India is the leading producer of milk in the world followed by USA. The milk production in 1999-00 is estimated at 78mn MT as compared to 74.5mn MT in the previous year. This production is expected to increase to 81mn MT by 2000-01. Of this total produce of 78mn cow's milk constitute 36 million MT while rest is from other cattle.

Literature Review

Manoshi Mitra's (1986)¹ example of a women's co-operative in Kheda district brings to light the problems that emerge in women's co-operatives despite the efforts undertaken by organizations like the NDDB.

The women's co-operative, which did very well for sometimes, became dependent on male secretaries and teachers as technical skills and leadership qualities were lacking in the women. Mitra mentions that problems also arise when a co-operative is made into a women's co-operative in name only as in the case of a village in Vaishali District in Bihar. In this situation, women are manipulated by men, and the class and caste biases of the original co-operative continue to influence the female members. Mitra stresses that to ensure that benefits

reach poor women, conscious efforts need to be made to promote leadership and technical skill amongst them at the pre -co-operative stage.

To undertake a study to evaluate the performance of dairy cooperatives in Erode District of Tamilnadu. The study has been conducted in the dry block of Perundurai and one wet block of Gobichettipalayam of Erode District selecting 300 sample respondents. Field survey technique and personal interview methods have been adopted to collect relevant information. The study points out that the procurement of the union is severely affected due to the presence of private traders in large numbers, seasonality in milk production and dissatisfaction over the procurement price of the milk sold by the union. Delayed payments to the producers, payment of heavy interest on borrowing, delay in receiving payments for milk products from federation, non-payment of dividend to the inputs are identified as the major problems of the union. Low-capacity utilization, lack of commercial outlook, low return on investment, political nomination, political interference and absence of elected board are the other factors responsible for the poor performance of the Erode Union.

Singh and Rai (2000) 12 in their study, “Economics of Production and Marketing of Buffalo Milk in Haryana”, he concluded that the feed and fodder maintenance cost accounting for 58 to 68 per cent of the total cost in dry zone and 52 to 67 per cent in wet zone. He further added that the establishment of milk co-operative societies in the rural areas had positive impact on the market for surplus of milk.

Basavaraj S. Benni (2003) 19 in his study, “Milk Producers’ Co-operative Societies in Karnataka – Performance Indicators”, suggested that the MPCS should expand their veterinary services and he further added that the MPCS should also make suitable arrangements for providing veterinary facilities in the emergency situations at reasonable fees.

Structure of Dairy Cooperatives

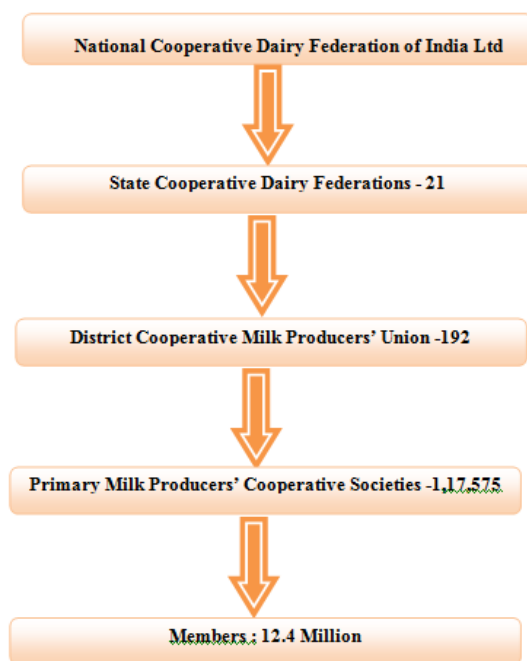


Fig-1: Structure of Dairy Cooperatives

Global Dairy Scenario

While world milk production declined by 2 per cent in the last three years, according to FAO estimates, Indian production has increased by 4 percent. The milk production in India accounts for more than 13% of the total world output and 57% of total Asia's production. The top five milk producing nations in the world are India, USA, Russia, Germany and France. Although milk production has grown at a fast pace during the last three decades (courtesy: operation flood), milk yield per animal is very low. The main reasons for the low yield are

Lack of use of scientific practices in mulching.

Inadequate availability of fodder in all seasons.

Unavailability of veterinary health services.

Cooperatives dominate dairy industry not only in India but also around the World. In the United Kingdom, all the milk produced by farmers is procured by cooperatives. There are no private sector dairy plants in New Zealand. A total of 90 per cent of the dairies in former West Germany are cooperative, and in Denmark, Netherlands and Sweden the entire dairy industry is organized on cooperative lines. In the USA, 70 per cent of the dairy industry is in cooperative sector. Dairy programmes are subject to significant government participation and regulation than most other domestic agricultural industries in the USA.

1. Dairy Farming and Economic Development

The importance of dairy farming in the economic development of any country is well established. The primary sector of the economy provides the basic ingredients necessary for the economy and such as of the raw materials, which when transformed into finished products, meets the needs of people. Dairy farming plays a strategic role from several angles. Dairy production must be should keep pace with population growth. However, in an industrializing economy, it is to increase milk production to meet the needs of the industrial labour force.

2. Tamilnadu Cooperative Milk Producers' Federation Limited

The Dairy Development Department was established in Tamil Nadu during 1958. The commercial activities of the Dairy Development Department were handed over to the Tamil Nadu Dairy Development Corporation in July 1972, which came under the control of Tamil Nadu Co-operative Milk Producers' Federation in February, 1981. The Dairy Development Programmes are being implemented through a network of co-operatives designed on the 'Anand model' of Gujarat State. The institutional frame has a three-tier structure with the Primary Milk Producers' Cooperative Societies at the grass root (Village) level, Milk Producers' Co-operative Union at the middle (District) level and Federation of District Cooperative Milk Producers' Union at the apex (State) level.

3. Functions of Milk Federation (TCMPF)

The Tamilnadu Co-operative Milk Producers' Federation Limited is an apex body of 17 District Cooperative Milk Producers' Unions. The Federation has four dairy plants in Chennai, one at Ambattur with a capacity of 4.00 lakh liters per day, another at Madhavaram with a capacity of 2.00 lakh liters per day and the third dairy at Sholinganallur with a capacity of 4.00 lakh liters per day. These dairies collect milk from District Unions process and pack in sachets and send for sale to the consumers in and around Chennai City. The fourth product dairy at Ambattur is engaged in the manufacture of milk products such as Yogurt, ice cream, Khova, Kulab jamoon, Buttermilk, Curd and Mysore pa. The brand name of Dairy Cooperative is 'Aavin'.

The Federation has 4 Dairy Units in Chennai which collect milk from District Unions, process and pack in sachets and send for sale to consumers in and around Chennai City. Sale of liquid milk in Chennai and Districts has increased steadily. Milk products of 'Aavin' and Dairy Cooperatives are popular among the consumers in Tamil Nadu.

S. No	Name of the Union	Functional Societies	Women Societies
1	Kancheepuram TVR	282	65
2	Villupuram	687	200
3	Vellore	858	188
4	Dharmapuri	534	91
5	Salem	1107	139
6	Erode	718	123
7	Coimbatore	580	83
8	Niligiris	98	03
9	Madurai	794	142
10	Dindigul	183	23
11	Trichy	666	88
12	Tanjore	199	55
13	Pudukkottai	59	04
14	Sivagangai	265	15
15	Virudhunagar	87	18
16	Tirunelveli	375	54
17	Kanyakumari	72	14
Total		6978	1305

Table 1: Functional Societies in Tamilnadu

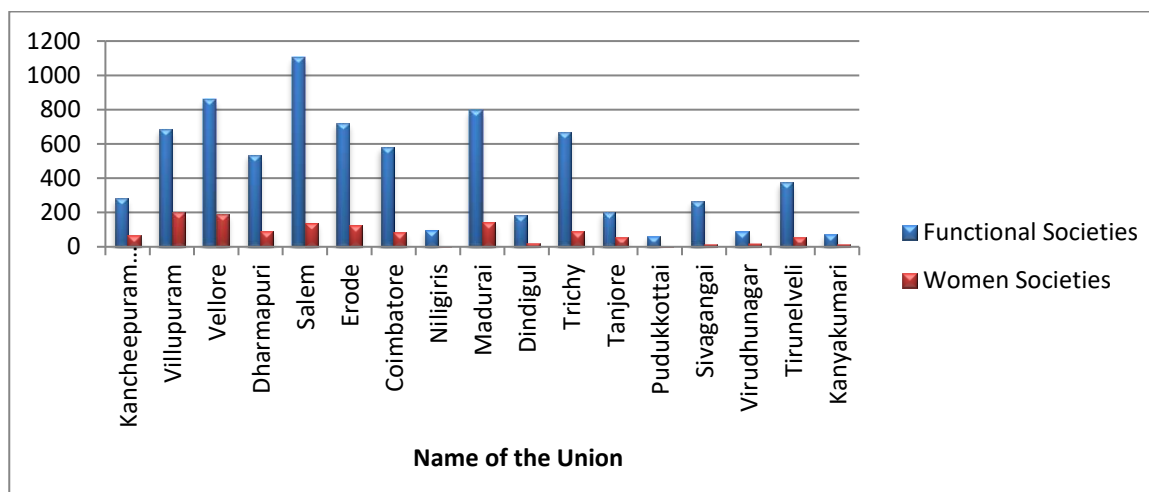


Fig-2: Functional Societies in Tamilnadu

In Tamil Nadu there are 17 districts Dairy co-operatives are run in the Brand Name Aavin. The Functional societies of each Union as well as women societies in each district are table 1 and fig 2.

S. No	Name of the Union	No. of Societies	No. of Pouring Members
1	Kancheepuram TVR	410	12110
2	Villupuram	817	34726
3	Vellore	1130	91341
4	Dharmapuri	611	25779
5	Salem	1262	48695
6	Erode	738	38470
7	Coimbatore	679	21647
8	Niligiris	95	4609
9	Madurai	972	22854
10	Dindigul	293	7401
11	Trichy	732	52832
12	Tanjore	253	20513
13	Pudukkottai	73	4,240
14	Sivagangai	437	8520
15	Virudhunagar	132	4361
16	Tirunelveli	495	15469
17	Kanyakumari	102	5480
	Tota	9,231	4,19,047
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Table 2: Union Wise Number of Societies and Pouring Members

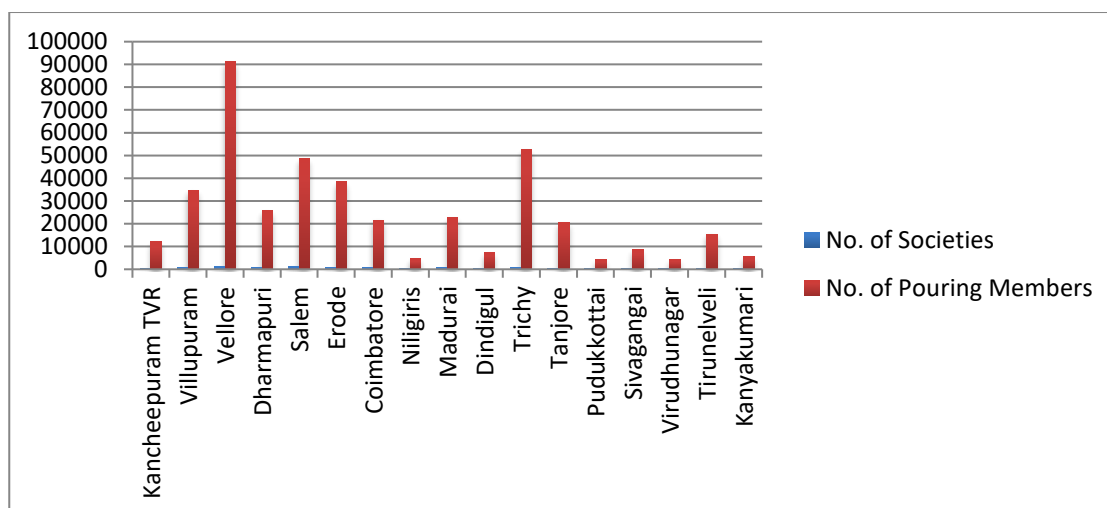


Fig 3: Union Wise Number of Societies and Pouring Members

Table 2 and fig 3 shows the village level, a total number of 9,231 Milk Producers' Co-operative Societies are functioning in our State, which includes 1,491 Milk Producers' Women Co-operative Societies. Apart from the above, 62 Milk Consumer Cooperative Societies are also functioning in the State to cater to the need of the milk consumers. There are 4.19 lakh milk producers now pouring milk to the societies.

S. No	Name of the Union	2011-2012 (In litres)
1	Kancheepuram TVR	56,000
2	Villupuram	1,52,000
3	Vellore	2,52,000
4	Dharmapuri	1,09,000
5	Salem	4,23,000
6	Erode	2,31,000
7	Coimbatore	2,30,000
8	Niligiris	17,000
9	Madurai	1,68,000
10	Dindigul	40,000
11	Trichy	2,94,000
12	Tanjore	14,000
13	Pudukkottai	42,000
14	Sivagangai	33,000
15	Virudhunagar	12,000
16	Tirunelveli	58,000
17	Kanyakumari	9,000

Total	21,40,000
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Table 3: Union Wise Milk Procurement (Average per day)

The Producer Members of Dairy Co-operative Societies are paid dividend for their share capital, bonus and patronage rebate when the society earns profit and additional price for the quantity of milk poured. The Union wise Milk Procurement (average per day) is given in the table 3.

4. Milk Procurement by DCMPUS: Price Revision

Most of the rural people especially women make their livelihood by rearing milch animals and by supplying milk to the co-operatives. Keeping this in view and to improve the rural economy and to enhance the personal income of the stake holders in rural area, Government of Tamilnadu directed the Tamilnadu co-operative milk producers' federation and district co-operative milk producers' union to raise the procurement price of the cow's milk from Rs.18.00to Rs.20.00 per litre and that of the buffalo's milk from Rs.26.00 to Rs.28.00 with effect from 18.11.2011 and the milk cost as per the revised procurement price is being disbursed to the milk producers.

Milk Varieties of DCMPUS

The fat and other nutrients milk is categorized in to various forms. According to food adulteration prevention Act Milk is classified into four types.

Toned milk- 3% Fat & 8.5% other Nutrients

Standardized milk – 4.5% Fat & 8.5% other Nutrients

Double Toned milk – 1.5% Fat & 9% Other Nutrients

Full Cream milk – 6% Fat & 9% other Nutrients

Recent Milk Revision Rates for cows and buffaloes-2014

The Tamilnadu government in the year 2014 has hiked the procurement price of milk by Rs.5 per liter to Rs.28 on account of increase in input cost.

Year	Average milk procurement Lakh liters per day
2001-2002	17.49
2002-2003	15.79
2003-2004	17.26
2004-2005	20.56
2005-2006	21.59
2006-2007	22.10
2007-2008	21.64
2008-2009	22.00
2009-2010	22.30
2010-2011	20.66
2011-2012	21.40
2012-2013	26.83
2013-2014	29.12

CAGR	4.34
Mean	21.44
S.D	3.61
C.V	0.17

Table 4: Average milk procurement in (DCMPUS) in lakh liters (per day)

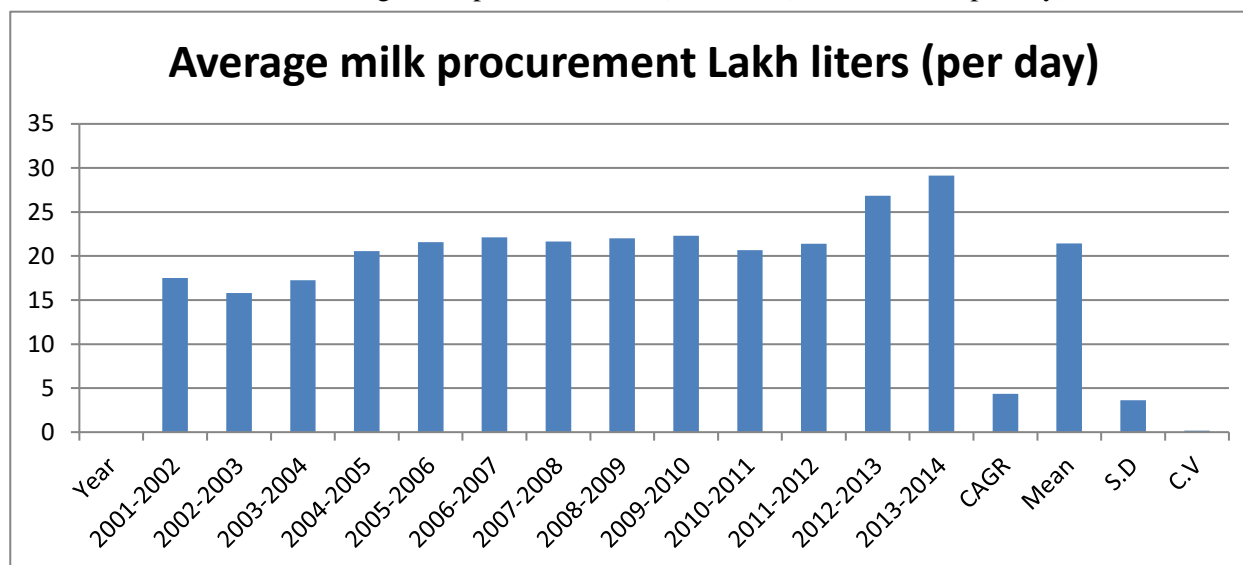


Fig 4: Average milk procurement in (DCMPUS) in lakh liters per day

Table 4 and fig 4 shows It is clear from the Table, the milk production in the DCMPUS has gradually increased from 17.49 lakh liters per day to 29.12 lakh liters per day from 2001-2002 to 2013-2014. The CAGR of the DCMPUS shows that 4.34 for the above study period.

Conclusion

The study shows the performance of dairy co-operative societies in the Country. The Overall dairy co-operatives performance was considered satisfactory and however, the growth rate is very low. In Dharmapuri also they face several problems. Hence, it is suggested that the dairy cooperatives prepare and implement strategic plans to promote structured and focused decisions and actions to achieve development, growth in dynamic economic environment characterized by technological changes, affecting business enterprises.

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