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### RESEARCH ARTICLE

#### GROWTH PROSPECTS OF DAIRY COOPERATIVES- A CASE STUDY OF KERALA COOPERATIVE MILK MARKETING FEDERATION

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#### Abstract

India is the largest milk producer in the world and dairy cooperatives are the backbone of Indian dairy industry. In Kerala, the Kerala Cooperative Milk Marketing Federation, popularly known as Milma, has played a significant role for the development of dairy business. But in the recent years even though the Federation continues to mark growth, the percentage of growth has been far below the growth of the private dairy sector. The study analysed the performance of KCMMF with respect to milk pourment and sale, and of the various welfare schemes of the Federation. The study revealed that the growth in the pourment of milk was not par with the growth of the sale of milk during the period of study. Only 14 percent of the total member farmers were pouring milk to the dairy cooperatives. Huge amount spent by the Federation for implementing welfare schemes has not created a positive impact on the growth of milk pourment. The Federation has to adopt certain criteria to provide such welfare benefits to attract the lost member farmers, which will definitely help the Federation to achieve the very objectives of the welfare schemes.

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#### Introduction:-

Even though the milk marketing in Kerala is controlled by the unorganised private sector, the role played by KCMMF in the dairy sector is worth noting. The very success of the dairy business in Kerala was the result of successful operation of Milma and their constituents. The presence of Anand Pattern milk producers' cooperative societies, three regional milk producers' union and their apex body the KCMMF have helped to improve the bargaining power of dairy farmers in Kerala. The presence of Apcos in all the villages of Kerala helped the dairy farmers to get remunerative price for their produce, even though majority of them are not pouring milk to the dairy cooperatives.

In the present days, the majority of member farmers are not willing to sell their produce to their cooperatives because they have a wide opportunity to sell the produce directly to the market at relatively higher price compared to the price offered by the dairy cooperatives. The members pour milk to the dairy cooperatives not because of the price offered, but because of the various welfare schemes and input services offered by the Federation through the dairy cooperatives. Most of the benefits and services offered by the dairy cooperatives are, in fact, come from the regional milk cooperative union and the Federation.

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The Federation and the regional milk cooperative union are providing various input services and welfare schemes to the dairy farmers which are implemented through dairy cooperatives. If all of these input services and welfare benefits are distributed equitably among the pouring member farmers, the Federation can definitely increase the pourment of milk commensurate with the increase in demand of the milk and thereby reduce the loss suffered due to the purchasing of milk from the neighbouring states during the lean season.

The present study focuses on the growth of Milma and the Regional cooperative milk unions in the pourment of milk, sale, the number of members and affiliated societies, and also attempts to know about the various input services and welfare benefits provided by the Federation and Regional cooperative unions to the dairy farmers of Kerala.

**Objectives:-**

1. To study the performance of KCMMF with respect to milk pourment, sale and other related matters
2. To know about the various welfare schemes implemented by the Federation.

**Methodology:-**

The study mainly depends on secondary data. Annual reports of all Regional milk unions and the Federation were collected for the study. Other related data were collected from NDDDB records, website of NDDDB, KCMMF, journals such as Agricultural Economics Research Review, Journal of International Agriculture, Journal of Cooperative Study, Indian Journal of Applied Research, Dairy India, Indian Dairyman, and Yojana. Informal interviews were also conducted with the concerned officials of Regional milk union and the Federation.

The present study was confined to the milk union of KCMMF and the Federation itself. The Annual Reports of the last three years were collected. The data collected were analysed by using simple statistical tools such as percentage analysis and the like.

**Results and Discussions:-**

**Functional Societies:**

The analysis of the present years' statistics revealed that the number of registered and functioning dairy cooperative societies was increasing at meagre rate. The average increase of registered cooperatives during the study period was 0.5 percent and that of the functional cooperatives was 1.25 percent. The slow growth rate was the result of influence of private dairy players among the dairy farmers. Nevertheless, the provision of various input services and welfare benefits provided by the Federation curb the possible negative growth rate of functional cooperatives.

**Pouring Farmers:**

While we analyse the statistics regarding the number of farmers, pouring farmers and women farmers, we can say that the growth rate of the number of farmers on an average during the study period was 1.11 percent and that of pouring members was -1.26 percent and that of women members was -0.55 percent. Even though, the number of farmers is increasing even at slow rate, the number of pouring farmers was decreasing during the study period. It reveals that the majority of member farmers are not ready to sell their produce to their dairy cooperatives because they are in a position to get higher price from other players in the Kerala dairy market.

Moreover, the analyse of the data revealed that on an average only 14 percent of the member farmers are pouring milk to the dairy cooperatives. This will be the major reason for the slow growth of dairy cooperatives. The Federation has to implement effectively through dairy cooperatives, the various input services and welfare benefits announced by them, which will definitely help the Federation to bring back the lost farmers from the member societies.

**The Pourment of Milk:**

The analysis of data revealed that during the study period, the growth of pourment of milk per day was at very low rate. In certain years it showed negative growth rate. The effective implementation of various input services such as free veterinary services, supply of subsidised feed and fodder, provision for free artificial insemination etc definitely will improve this pathetic situation of the Federation.

**Sale of Milk:**

As far the statistics of the sale of milk per day was concerned, in the early years of study period there was a decreasing trend. But in the later period there was a positive growth rate in all regions of the Federation. But if we compare the

growth of sale of milk with the growth of milk pourment, the percentage change in the sale of milk per day was higher than that of percentage of change in pourment. This situation compelled the Federation to acquire milk from our neighbouring states normally at a higher price that would definitely lead to increase the loss of the Federation. Therefore, the Federation has to adopt all possible measures to improve the pourment to cope with the increase in the demand for the milk and milk products.

**Welfare Schemes:**

The Kerala Cooperative Milk Marketing Federation through its Regional cooperative milk unions and its affiliating dairy cooperatives had implemented various welfare schemes for the benefit of the dairy farmers in the state. Under various schemes, the Federation had spent huge amount during the study period. Under Cattle Insurance Premium subsidy it had spent on an average Rs.75 lakh per annum at the rate of Rs300 per cow. It had provided around Rs500 lakhs per year as cattle feed subsidy. Around Rs10 crores per year had been spent for Heifer adoption programme and Rs800 lakhs per annum for giving subsidy to purchase milk cow during the study period. It had spent more than Rs600 lakhs per year for various other welfare schemes such as cattle shed renovation, farmer death benefit scheme, scholarship to the children of farmers, LIC Aam Admi Bhima Yojana, Samagra Insurance mediclaim insurance, Ksheera Karshaka Suraksha Padhathi etc. In addition to the aforesaid farmer welfare schemes, the Federation also provided various input services such as decentralised cattle treatment policy, subsidy for the purchase of milking machines, free cattle feed under Mini Dairy scheme, fodder development initiative etc. For this the Federation had spent around Rs 10 crores per year during the study period.

By analysing the various welfare schemes and input services provided by the KCMMF, we can clearly say that the Federation takes a keen interest in protecting the dairy farmers. But as per the feedback received from the farmers, majority of them are not aware of the various welfare schemes adopted. Even the dairy cooperative employees are not aware of the entire schemes adopted by the Federation. For the effective implementation of the welfare schemes, the Federation has to create awareness about these schemes at least among the dairy cooperative employees and authorities. At the same time Federation has to lay down certain criteria for availing these benefits in order to reach the benefits to the hands of the deserved. To accomplish the ultimate purpose of these schemes, the benefits must be given only to the pouring member farmers of the dairy cooperative societies. Moreover, the real benefits of the various input services particularly of the decentralised veterinary services had not reached to the needy farmers in time. The Federation has to take necessary steps to implement these welfare schemes effectively. Then only they can achieve the real purpose of spending huge amount for implementing these schemes.

**Conclusions:-**

Even though, the Kerala Cooperative Milk Marketing Federation has created a favourable atmosphere in the milk industry of the state by providing a healthy competition, the present growth of the federation in respect of the milk pourment was not a favourable one. The analysis of the available data revealed that only a small percentage of farmers are pouring milk to the affiliating dairy cooperative societies because of the low price offered by the dairy cooperatives compared to the market price. If the Federation gives more importance in the propagation of various welfare schemes adopted among the dairy farmers, they can definitely capture the lost farmer members and thereby improve the pourment rate.

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