

# Dairy Cooperatives and Income of Milk pourers in cooperatives in Rajasthan Research Scholar

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## Article Info

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## Abstract:

Rajasthan has 10.6% of the livestock population of India where as it has 1.16% of surface water. The State has about 60% area under desert so livestock rearing is an important source of livelihood for the population living in that area. Dairying is more labour-intensive than crop production. It provides a remunerative outlet for family labour. Ample labour and a small land base encourage farmers to practise dairying as an occupation subsidiary to agriculture. The Rajasthan Livestock sub-sector has grown at much higher rates every year as compared to the crop production sub-sector. The growth rate in the livestock sub-sector has been higher than that in crop husbandry even during corona pandemic period. There is vast scope for improving the income of farmers through improving the productivity of milch animals and dairying activities.

Rajasthan is the second largest milk-producing State in India, still, the animal husbandry and dairying sector face numerous challenges, which hinder the optimum growth in this sector. There lies the big potential to increase milk production, improve access of milk producers to organized markets, more processing of milk and higher marketing of value-added products, and improve the availability of quality milk and milk products to consumers.

The Dairy Cooperative Institutional Structure is a three-tier system in Rajasthan: Rajasthan Cooperative Dairy Federation at the state level, District Dairy Cooperative Milk Unions at the district level, and Dairy Cooperative Societies at the village level are playing an important and positive role in supporting milk pourers in various ways to increase their income levels.

## Key Words –

Breed improvement, livestock productivity, production by masses, rural livelihoods, disease management, marketing surplus, women empowerment, poverty alleviation, economies of scale, cooperative institutions, remunerative prices, extension services, credit linkage, income enhancement, and cost of production.

## Article History

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## Introduction

The Dairy sector in India has grown substantially over the years. India ranks first among the world's milk-producing nations, achieving an annual output of 198.40 million tons during the year 2019-20 as compared to 187.75 million tons during 2018-19 recording a

growth rate of 5.68%. This represents a sustained growth in the availability of milk and milk products for the growing population.

Rajasthan has the largest area in India and has 10.6 % of the livestock population of India as per the latest census and 1.16% of surface water. Animal husbandry is not merely a subsidiary of agriculture but it is a major economic activity, especially in arid and semi-arid areas of Rajasthan, thus providing much-needed insurance against frequently occurring drought conditions. Dairy farming increases the economic viability and sustainability of animal husbandry, particularly in rain-fed areas. Rajasthan is endowed with the finest drought resistant milch breeds (Rathi, Gir, Sahiwal, and Tharparkar). Despite a large number of good breeds, more than 80% of the cattle population belongs to the nondescript. With population growth, rising income of people and urbanization, the demand for dairy products will increase. Thus dairying is a very important activity for the Rajasthan state.

**Table –1 Composition of GSVA of Agriculture in Rajasthan**

<b>Gross State Value Added of Agriculture sector and its Contribution in 2021-22 at Current Prices</b>			
<b>Sector</b>	<b>GSVA for 2021-22 at Current Prices (Rs in Lakh)</b>	<b>Contribution in total GSVA (Percent)</b>	<b>Contribution in Agriculture Sector (Percent)</b>
<b>Agriculture, forestry &amp; fishing</b>	<b>33722107</b>	<b>30.23</b>	
Crops	15493593	13.89	45.94
Livestock	15595864	13.98	46.25
Forestry & Logging	2508772	2.25	7.44
Fishing	123878	0.11	0.37

**Source- Directorate of Economics and Statistics**

The contribution of Livestock and dairying at current prices in 2021-22 is about 13.98% of GSVA in the state of Rajasthan.

Thus, livestock is a very important sector in Rajasthan and has great potential for growth.

### **Objective of the study**

- To study the impact of Dairy Cooperatives in increasing income of milk pourers of Rajasthan

## Research Methodology

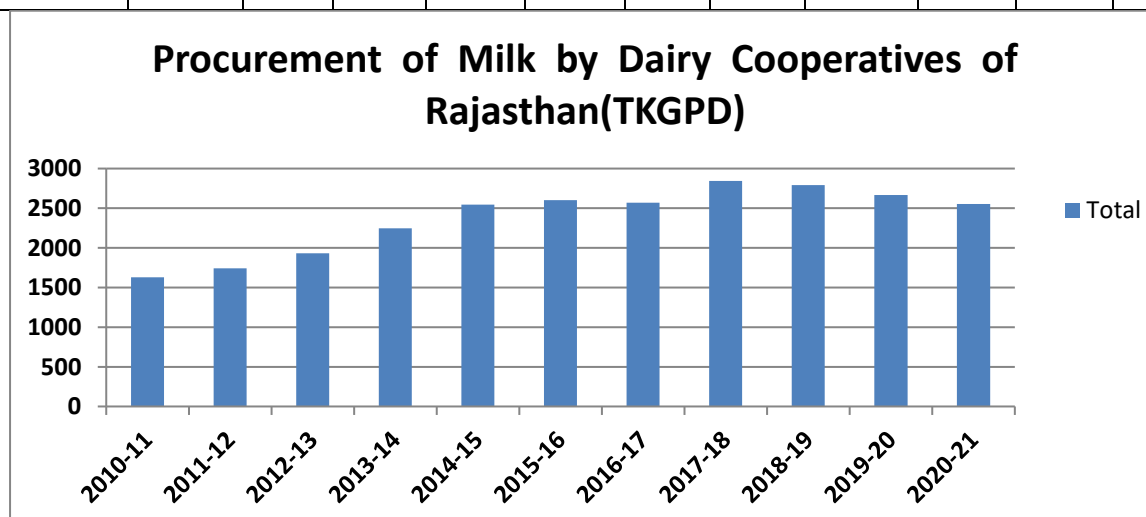
Primary data regarding sale of milk to dairy cooperative societies have been collected from Bikaner, Udaipur, Alwar, and Jaipur district milk unions. The farmers have been selected from rural areas of these districts. Rates of milk sold to Dairy Cooperative societies and private entities were collected from members of DCS, who were giving milk to DCS. Secondary data have also been collected from various sources like department of Animal Husbandry, Gopalan and fisheries, Government of Rajasthan, Rajasthan Cooperative Dairy Federation, National Dairy Development Board, Planning Department, Government of Rajasthan, Jaipur District Cooperative Milk Union, Alwar District Cooperative Milk Union, Bikaner District Cooperative Milk Union and Udaipur District Cooperative Milk Union.

Secondary data were collected for last ten years from 2011-12 to 2021-22 pertaining to procurement rates, procurement quantities, marketing processing capacities, profitability etc. for various district milk union of RCDF. Personal interviews were held with officials working at various levels in RCDF. Discussions were held with workers working in processing plants at various locations. Discussions have also been done with personnel working in processing plants of milk unions located at various places in state. Interviews were held with personnel working in cattle feed plants also. Detailed interviews have been done with officials engaged in procurement and marketing operations at RCDF level and at union levels. Discussions have been done with elected representatives also on various aspects of unions. The procurement rates are determined by individual District Dairy Cooperative unions, overall considering market demand of liquid milk in market, its dairy products and capacity of marketing of liquid milk of individual district dairy unions, interests of milk pourers, financial position of the milk union etc.

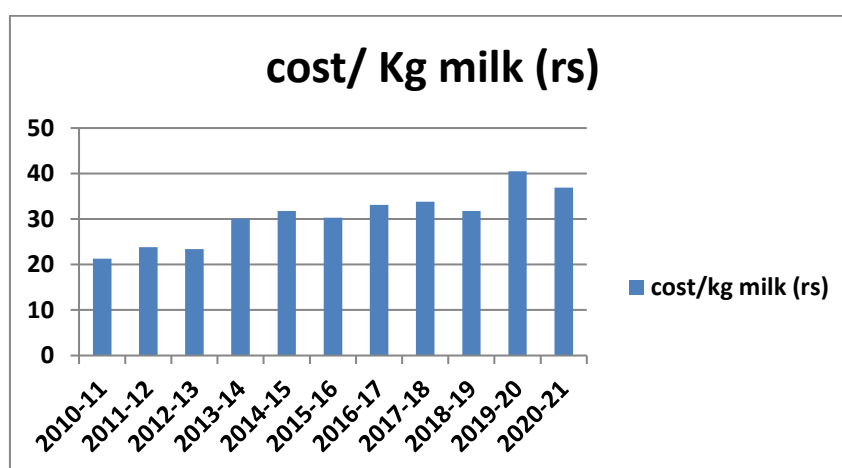
**Table-2 : Milk procurement in Cooperative Dairy Sector in Rajasthan**

<b>RCDF:</b>											
<b>AVERAGE MILK PROCUREMENT (TKGPD)</b>											
<b>Year</b>	<b>AJM</b>	<b>ALW</b>	<b>BNS</b>	<b>BAR</b>	<b>BHR</b>	<b>BHL</b>	<b>BIK</b>	<b>CHT</b>	<b>CHU</b>	<b>GNG</b>	<b>JAL</b>
<b>2010-11</b>	131	89	8	14	5	138	62	46	21	120	40
<b>2011-12</b>	160	91	6	14	8	157	85	48	22	146	37
<b>2012-13</b>	174	89	3	14	6	189	98	56	22	130	40
<b>2013-14</b>	232	102	5	13	7	193	96	59	20	139	50
<b>2014-15</b>	281	123	13	16	13	228	97	82	23	156	55
<b>2015-16</b>	267	143	8	12	9	226	80	101	16	127	53
<b>2016-17</b>	280	154	7	13	7	229	54	98	13	121	44
<b>2017-18</b>	311	170	13	16	13	269	85	100	16	122	44
<b>2018-19</b>	316	162	16	15	12	300	69	124	12	104	41
<b>2019-20</b>	284	146	12	13	7	275	56	113	12	106	35
<b>2020-21</b>	273	132	10	11	8	288	55	81	12	100	30
<b>2021-22</b>	311	135	14	12	10	343	63	104	18	133	36

<b>RCDF:</b>											
<b>AVERAGE MILK PROCUREMENT (TKGPD)</b>											
<b>Year</b>	<b>JPR</b>	<b>JHL</b>	<b>JDH</b>	<b>KTA</b>	<b>NGR</b>	<b>PLI</b>	<b>SKR</b>	<b>SWM</b>	<b>TNK</b>	<b>UDP</b>	<b>TOTAL</b>
<b>2010-11</b>	638	6	40	37	17	55	68	5	29	58	1,627
<b>2011-12</b>	617	8	42	40	18	73	70	7	32	60	1,741
<b>2012-13</b>	725	6	47	54	16	84	68	6	36	68	1,931
<b>2013-14</b>	906	4	45	63	14	94	93	7	29	74	2,245
<b>2014-15</b>	958	8	65	80	19	123	82	13	25	86	2,545
<b>2015-16</b>	1,026	18	63	92	17	129	84	1	28	101	2,601
<b>2016-17</b>	1,061	11	59	83	13	108	74	6	32	99	2,568
<b>2017-18</b>	1,136	19	63	91	22	114	85	15	37	105	2,845
<b>2018-19</b>	1,044	18	66	90	23	125	87	12	37	116	2,791
<b>2019-20</b>	1,140	12	49	72	23	95	78	11	37	92	2,668
<b>2020-21</b>	1083	7	69	76	18	89	78	8	40	84	2,552
<b>2021-22</b>	1995	9	76	73	17	100	75		50	102	2888



Source: RCDF



Source: RCDF

Above mention rates are average rates of procurement. Every district cooperative milk union gives different rates to milk pourers. Jaipur district cooperative milk union was giving Rs. 750 /kg fat plus Rs 2 per kg fixed amount. Now Jaipur dairy has increased procurement rates to Rs 800/Kg fat plus Rs. 2 per Kg fixed. This is one of the highest rates being given to milk pourers in India.

### **Analysis**

The Rates of Milk Procurement given to producer farmers by Dairy Cooperatives are determined by the respective District Cooperative Milk Union. The financial position of Dairy District Cooperative Milk Unions varies from union to union. The unions with good financial positions are in a better position to give better rates to producer farmers of milk. The unions with poor financial positions or incurring losses are not in a position to give better rates to farmers. The financial position of every union has been examined in detail and its relation with procurement rates has been seen. Thus overall prices of milk in rural areas remain benchmarked with procurement prices given by dairy cooperatives. The role of dairy cooperatives become very important in increasing the income of farmers on a large scale. This impact was visible during the corona period. Private players reduced or stopped procurement drastically but dairy cooperatives did not reduce prices drastically. Dairy Cooperatives tried their best during the lockdown period to maintain their marketing levels as much as they could. Not a single district dairy union in the state put a blanket ban on procurement even during the lockdown period despite a huge reduction in the quantity of sale of liquid milk. Thus it was a great help to farmers during the lockdown period. It proved that dairy cooperatives protected the interests of milk-producing farmers even in bad times of lockdown when private players disappeared from the scene.

Most of the milk pourers reported higher rates of milk from DCS as compared to sales to private entities.

There are 21 (Now 23) Cooperative Milk Unions working in Rajasthan. They are Ganganagar, Sikar, Udaipur, Rajsamand, Barmer, Churu, Tonk, Chittorgarh, Jaipur, Bhilwara, Jodhpur, Pali, Jalore, Ajmer, Bharatpur, Bikaner, Banswara, Alwar, Nagaur, Jhalawar, Kota, Sawai Madhopur, Jaisalmer. Each Union has its own Union Policy for giving various types of benefits to milk producers in its area. These milk producers are members of dairy cooperative societies working with particular district milk unions. Some unions have a strong presence in milk procurement, processing, marketing, and giving benefits to milk producers.

### **Findings and Conclusions of the Study**

Primary data reveal that total income from the sale of milk to dairy cooperatives has been higher as compared to the sale of milk to the private sector. The rates realized by producer farmers on the sale of milk per litre have been higher in the case of dairy cooperatives as compared to rates realized from the sale of milk to the private sector. Milk is a perishable item so producers want regular purchases from buyers and want better rates as well as a guarantee of payment. Demand for milk and dairy products keeps on changing throughout the year. Private entities generally do not buy at higher rates and on regular basis. There are strong

reasons for that. This is where the role of dairy cooperatives becomes very crucial in terms of regular purchases, correct quality measurements and assured payment. Producer farmers selling milk to Dairy Cooperative Societies also got Rs. 2 per litre extra under CM Dugdh Sambal Scheme up to 31 March 2022 from the Government of Rajasthan. This amount of assistance under CM Dugdha Sambal Yojana has been increased to Rs.5 per litre from 01-04-2022 for producer farmers who are selling their milk to Dairy Cooperatives Societies. This adds to their extra income.

The benefit of this scheme has been as follows:

**Table-3 Payment to Milk Producers**

**C.M.Milk Producer Sambal Yojana**

S. No.	Year	Sanctioned Amount (Rs.in crores)	Distributed Amount (Rs.in crores)
1	2018-19 (Feb 2019 to March 2019)	36.00	36.00
2	2019-20	200.00	187.48
3	2020-21	150.00 12.52 Previous Balance	178.04
4	2021-22	224.00	202.01
5	2022-23	440.00	

**Source-RCDF**

District Milk Unions also provide various benefits to members of Dairy Cooperatives Societies as has been mentioned earlier. These benefits also add extra income to the hands of families of producer farmers. These extra benefits do vary from union to union but many unions are providing such extra benefits to their members of Dairy Cooperatives Societies. Such types of benefits are not given by private entities which buy milk from producer farmers. Thus, it is clearly proved that the income of producer farmers of Rajasthan has been higher where they are linked as members of Dairy Cooperatives Societies. as compared to the producer farmers who are not members of Dairy Cooperatives Societies

Every milk union is running various schemes for the benefit of milk pourers to DCS. RCDF is also giving benefits to milk pourers of DCS. Jaipur district dairy is running various social security schemes for benefit of milk pourers in DCS. Important schemes are as follows –

\* Raj Saras Suraksha Kavach Insurance Scheme

\* Saras Suraksha Kavach Accident Insurance Scheme

\* Saras Group Health Insurance Scheme

\* Saras Lado Yojna

\* Mamta Yojana

\* Sparsh Trust

### **Feedback from Milk Producer Farmers:**

Transparency in fixing rates, quality testing, measurement of quantity, payment system, timely payment, and certainty of payment are important factors that influence the decisions of farmers of selling milk to Dairy Cooperative Societies or to the private sector. The rate of milk in rural areas depends on many factors. The purchase of milk by Dairy Cooperatives Societies is regular and payment is also made throughout the year in time. Dairy Cooperatives Societies make the payment on the basis of the fat content in the milk. The assurance in the minds of farmers about correct measurement of the fat content and quantity and timely payment plays a pivotal role. There are certain days in a year on which the demand for milk and milk products increases. Private milk purchasers give better rates on such days to increase the quantity. They pay less prices on the rest days of the year. The location of the village also becomes important. The villages with better connectivity of roads to urban areas have more chance of getting better rates of milk. In case of any downward trend in the demand for milk, the private players reduce the price of milk immediately and do not take care of the interests of farmers.

### **Strengths of the State in livestock**

- Huge Cattle and Buffalo population.
- Large number of families involved in rearing animals.
- Distribution of livestock more equitable.
- Man power availability – technical.
- Infrastructure and network of field level units.
- Technology required for the intervention is available.
- Women empowering-has potential for gender equity.
- Rural self-employment

### **Policy Suggestions**

Better credit linkage of interested farmers will enable them to buy productive animals that will use available resources in an efficient manner. Procurement of an available marketable supply of milk will ensure better realization in the hands of farmers on a sustainable basis.

The income levels of farmers need to be improved. The economy of Rajasthan is influenced to a great extent by rainfall. With a growing population, increasing educational levels, and rising

aspirations of people, there is an urgent need for increasing the income levels of households living in rural areas. A large population is still dependent upon agriculture, animal husbandry, and dairying activities. The cooperative institutions in the dairy sector can play a very important role in increasing the income of rural households who are engaged in animal husbandry and dairying activities. Dairy Cooperative Institutions can procure more quantity of marketable surplus of milk. They can also organize more dairy cooperative institutions at the village level. More dairy cooperative institutions can be organized in remote areas where no institutions exist for the purchase and sale of milk. These dairy cooperatives can procure milk in the morning as well as in evening. There may be issues of higher transportation cost of milk from distant areas. Enhanced quantity of milk will reduce the average cost of transportation. Dairy institutions can provide better services to producer farmers of milk in more efficient manner. These services consist of better A.I. services, disease management, better nutrition services and better herd management. The capacity building of women in animal and dairy activities will bring down the cost of milk production and increase productivity of animals. The quality of milk has great bearing on its price so all aspects related to quality production of milk need to be enhanced among all women groups. The surplus labors available in households will become productive and income of household will increase. Efficient use of all inputs for milk production will increase productivity of animals. People will take care of animals and the number of stray animals will reduce. The department of animal husbandry and gopalan need to work in close coordination with needs of animal rearing farmers. The research institutions engaged in animal rearing and dairying need to work as per needs of milk producer farmers.

There is also need to increase processing capacity of milk in organized sector. Production of milk is seasonal in nature. The production of milk increases in flush season and reduces in lean season (summer). More processing capacity will enable the organized sector especially dairy cooperatives to procure more quantity of milk from farmers in flush season. It will benefit producer farmers as they will be in position to sell their milk in flush season also. Consumers will get benefit in lean season as supplies of liquid milk can be maintained with use of skimmed milk powder. This will enable more value addition of milk and give benefit to consumers. Organized private sector also needs to increase their procurement capacity, processing capacity, value addition capacity and marketing capacity. Rajasthan being very close to nation capital region has huge market for various kinds of dairy products in, national capital region, Looking to negligible presence in market of NCR region in marketing of milk and dairy products, there lies high opportunity for marketing of milk and various products in NCR. The way all the activities are being done at present need to be changed. Latest technology is to be used in this sector for better supply chain management and marketing penetration. Saras brand is quite popular band in northern India so its reach can be expanded with better marketing strategies.

There is need to do capacity building of women for all aspects of animal rearing and dairying. As women do many activities related to animals rearing and dairying in the state. Coordination



among various departments such as ICDS, Women Empowerment Department, Education, Panchayati Raj and Rural Development and Animal Husbandry Department is needed so that output based approach can be taken up. Strengthening of dairy cooperative institution in Rajasthan will go a long way in promoting interest of milk pourers to dairy sector.

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