

An Empirical Study on Problems and Prospects of Cooperative Dairies in Belgaum District of Karnataka State

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Abstract –

Dairy co-operatives are the key to transforming rural economy and its overall development. India has shown impressive growth in milk production and related gains in per capita availability of milk despite large population increases, but most of the increased milk production has been consumed on the farms where it is produced or absorbed by the informal sector. Indian Dairying is unique in more than one way. It ranks first in milk production with a production of 144 million tonnes in 2014. It also ranks first with its 185.2 million cattle and 97.9 million buffaloes, accounting for about 51 percent of Asia's and about 19 percent of the world's bovine population (Karmakar:2006). As India's economy grows, it would appear logical to direct efforts not only to increasing milk production, but also to increasing the proportion of marketing within the formal sector. In Indian context, cooperatives have run as a member centric, democratic organisation, focusing on economic and social development and transformation. Challenges of the 21st century for all corporations include, turbulent financial markets, unstable economies and financial systems, rising levels of unemployment; no government protection, competitive markets, dumping of foreign goods, growing disparity, and environmental concerns. In this globalised economy, cooperatives have played a pivotal role in offering a financially viable and socially responsible business organization.

In the light of this the present paper throws light on problems and future prospects for cooperative dairies in Belgaum district of Karnataka state.

Key Words- Dairies, Prospects, Cooperative, Problems, Technological.

Introduction –

Dairying has become an important secondary source of income for millions of rural families and has assumed a most important role in providing employment and income generating opportunity. Though the performances of cooperative have been much effective in certain states, it is not uniform throughout the country (Singh and Pundir, 2000). They are highly developed in the four states namely Gujarat, Maharashtra, Karnataka and Tamil Nadu which accounts for two-thirds of milk procured by cooperatives. These four states contribute only 24% of milk to the total milk production of the country (Bardhan and Sharma 2011). Milk production increased from about 20 million tonnes in 1950s, when India was an importer of milk and milk products, to over 144 million tonnes, when India became the second largest producer of milk in the world in 2014. Cooperatives, as a form of business organisation, play a meaningful role in uplifting the socioeconomic conditions of their members and their local communities.

Contributing about 5.3 per cent to India's agricultural GDP, milk is a leading agricultural produce. The paper documents the evolution and remarkable growth of the Indian dairy cooperative, over the last few

decades. The White revolution, in India, was promoted by the Government of India, through Operation Flood, establishment of NDDB.

India has stressed self-sufficiency in its basic food supply and uses world markets primarily as a balancing wheel for food grains and as a source of edible oils. Government policies have not considered the comparative advantage India appears to have in fluid milk. There may be benefits to channeling domestically produced milk to fluid and importing some manufactured dairy products to meet growing demand.

Review of Literature -

The different review of literature stating the role of milk cooperatives in village development. The important studies are, **Vyas.V.S. and Chaudhari K.M (1971)** examined the impact of Dudhsagar Dairy of Mehsana district of Gujrat on the production of milk, cost of production and employment. The study confirmed improvements in production, yield, income and employment as a result of the Dudhsagar Dairy. Further they compared the economics of co-operative and non-co operative dairies and brought out the superiority of the co-operative sector. **Desai D.K. and Narayanan A.V.S. (1967)** sought to measure the impact of modernization of the dairy industry on the economy of Kheda district in terms of investments, value-addition, employment and infrastructure facilities. The authors could ascertain positive developments in all the above parameters. **Nelson et al., 2009**, In the longer term, livestock production can impact negatively on food security through production of greenhouse gases that contribute to climate change. **Shiyani (1996)** found that the milk production of the cattle owned by households associated with dairy cooperatives was significantly higher than milk production of other cattle in the villages. The study also found that members of cooperatives allocated the inputs better than independent producers. **Tarawali et al., 2011** Shifting to fewer, more productive animals of more productive breeds is one way to do this although doing so would require enhanced access to breeding, animal health and feed services, and inputs to keep these less hardy animals alive and productive Such an approach also provides an opportunity for “WIN-WIN solutions” as described by **Moran and Wall (2011)**. A study of a village cooperative in Kheda district, **Patel (1988)** found that over 75 per cent of the households that owned land were members of the cooperatives while only about 11 per cent of the landless labourer households were members.

Evolution of Dairy Cooperatives in India

The history of the Dairy Development Movement in India is a new one. During the pre-independence period this movement was limited to a few pockets of Calcutta, Madras, Bangalore and Gujarat. The most notable of this venture was Kaira District Cooperative Milk Producers' Union Limited of Anand, Gujarat. But after independence, the National Government took great initiative in setting up new Dairy Co operatives in many parts of the country. The National Dairy Development Board (NDDB) was set up to make the ambitious project a success over the span of three decades, India has been transformed from a country of acute milk shortage to the world's leading milk producer, with production exceeding 144 million tonnes in 2014 gains of 4–5 percent per annum. This phenomenal success is attributed to a Government initiative known as Operation Flood (1970– 1996) and its intense focus on dairy development activities. In that initiative, rural milk shed areas were linked to urban markets through the development of a network of village cooperatives for procuring and marketing milk. And milk production and productivity were enhanced by ensuring the availability of veterinary services, artificial insemination (AI), feed and farmer education. The investment paid off, promoting production Livestock in general and dairying in particular play a vital role in the Indian economy. In over 100 years of their existence, cooperatives have emerged as a distinct sector of Indian economy. India is not only the largest milk producer but also one of the most economical producers in the world. According to statistics, the cost of 100 liters of milk production in 2005 in India is 20.54 USD against 21.10 USD in New Zealand, 41.00 USD in United States and 52.00 USD in Canada (Mani,2013).

Nature of milk cooperatives in Karnataka -

Nature of milk cooperatives in karnataka All 29 districts of the State are covered by co-operative dairying activity implemented through 13 District Milk Unions. The coverage is as below:

- 3 Unions - 1 district each
- 5 Unions - 2 district each

- 4 Unions - 3 district each
- 1 Unions - 4 districts

The Following are the Institutions engaged in dairying in Karnataka.

- 1. Primary level:** Primary Milk Producers Co-operative Societies at Rural level.
- 2. District level:** District Co-operative Milk Producers Union Ltd.
- 3. State level:** Karnataka State Cooperative Milk Producers Federation Limited, Bangalore (K.M.F).

Table No. 1
Physical and Financial Achievements in Karnataka State-

Sl No.	Particulars	As on 31.03.2018
1	DCS Registered(Nos.)	15864
2	DCS Functioning(Nos.)	14256
3	Total members enrolled(Lakhs)	24.60
	Out of the Above	
	SC Members	2.54
	ST Members	1.43
	Women Members	8.77
	Small farmer Members	9.09
	Marginal farmer Members	7.17
	Landless labourers Members	4.39
	Others	3.95
4	Average procurement(lakh Kgs/day)	70.81
5	Amount paid to producers(Rs.in Crores/day)	18.20
6	Average retail sales(lakh Liters/day)	34.72
7	Bangalore city sales(lakh Liters/day)	19.00

Source – Sahakara Sindhu, Department of Cooperation, Government of

Karnataka

Research Methodology –

The present study is based on Primary data and secondary data. In the back-drop of pre-stated objective, the study relied on field observations and interviews and the reports of concerned authorities.

Sources of Primary Data –

- Face to Face Interaction
- Observation
- Questionnaire – A questionnaire was administered, data is collected from sample cooperative dairies with the help of this questionnaire.

Respondents are asked to rank the items in the order of their importance. Total ranks are multiplied with the respective weighted points to get total weighted points.

Sampling Method –

Present paper is based on purposive sampling method. By considering time, energy and resources at the disposal of researcher, 10 units from each talukas has been selected as sample units. Belgaum district has 10 talukas, hence the total sample size is **100 cooperative dairies**.

Objectives of the Paper

- To know the problems of cooperative dairies in Belgaum district of Karnataka state.
- To know future prospects of cooperative dairies.
- To understand milk cooperatives facilities available and village development.
- To understand impact of milk cooperatives on social development.

Results and Discussions –

Table No. - 2
Economic Problems

Sl. No.	Problems	Ranks						Total Wtd. Pts.	Ranks
		I *6	II *5	III *4	IV *3	V *2	VI *1		
1.	Lack of funds	42 (252)	28 (140)	16 (64)	04 (12)	06 (12)	04 (4)	484	I
2.	Low incomes generation from dairying	32 (192)	19 (95)	11 (44)	06 (18)	18 (36)	14 (14)	399	III
3.	No sharing of Information about financial activities with members	12 (72)	11 (55)	08 (32)	12 (36)	25 (50)	32 (32)	277	VI
4.	High cost of veterinary medicines	18 (108)	12 (60)	08 (32)	02 (06)	27 (54)	33 (33)	293	V
5.	Lack of affordability to purchase feed additives and concentrates	24 (144)	18 (90)	12 (48)	05 (15)	26 (52)	15 (15)	364	IV
6.	No proper utilization of cooperative dairy funds	38 (228)	24 (120)	13 (52)	10 (30)	12 (24)	03 (03)	457	II

[Source – Field survey] (**Note** - Figures in the brackets indicates weighted points)
(**Wtd. Pts.** – Weighted Points)

Data in Table No.-2 reveals perception about economic problems faced by sample cooperative dairies. Among others ‘Lack of Funds (484 wtd pts)’ is the main economic problem of cooperative dairies in Belgaum district of Karnataka state followed by ‘No proper utilization of cooperative dairy funds (457 wtd pts)’ and ‘Low incomes generation from dairying (399 wtd pts)’.

Table No. - 3
Infrastructural Problems

Sl. No.	Problems	Ranks				Total Wtd. Pts.	Ranks
		I *4	II *3	III *2	IV *1		
1.	Lack of physical facilities at meeting place	26 (104)	20 (60)	12 (24)	42 (42)	230	IV
2.	Milk chilling centers are located at distant places	45 (180)	22 (66)	08 (16)	25 (25)	287	II
3.	Insufficient space for office of cooperative dairy	48 (192)	30 (90)	12 (24)	10 (10)	316	I
4.	Distant location of cooperative dairy	34 (136)	20 (60)	16 (32)	30 (30)	258	III

[Source – Field survey] (**Note** - Figures in the brackets indicates weighted points)
(**Wtd. Pts.** – Weighted Points)

Data in Table No.-3 indicates perception about Infrastructural Problems faced by sample cooperative dairies in Belgaum district. Among others ‘Insufficient space for office of cooperative dairy (316 wtd pts)’ is the main Infrastructural problem. The second main Infrastructural problem is ‘Milk chilling centers are located at distant places (287 wtd pts) followed by ‘Distant location of cooperative dairy (258 wtd pts)’ and ‘Lack of physical facilities at meeting place (230 wtd pts)’.

Table No. - 4
Technological Problems

Sl. No.	Problems	Ranks						Total Wtd. Pts.	Ranks
		I *6	II *5	III *4	IV *3	V *2	VI *1		
1	Lack of knowledge about ICT tools	41 (246)	26 (130)	08 (32)	10 (30)	12 (24)	03 (03)	465	II
2	Lack of skilled staff	46 (276)	32 (160)	12 (48)	04 (12)	02 (02)	04 (04)	502	I
3	Insufficient availability of fodder seeds	14 (84)	10 (50)	09 (36)	12 (36)	25 (50)	30 (32)	288	VI
4	Lack of awareness about advantage and facilities provided by the Govt. and milk unions for rearing animals	20 (120)	14 (70)	08 (32)	02 (06)	24 (48)	32 (32)	308	V
5	Lack of high yielding varieties (HYV) in fodder crops	26 (156)	20 (100)	12 (48)	05 (15)	23 (46)	14 (14)	379	IV
6	Lack of technical training for growing green fodder	34 (204)	20 (100)	16 (64)	06 (18)	18 (36)	14 (14)	436	III

[Source – Field survey] (**Note** - Figures in the brackets indicates weighted points)
(**Wtd. Pts.** – Weighted Points)

Data in Table No.-4 depicts perception about Technological Problems faced by sample cooperative dairies in Belgaum district. Among others ‘Lack of skilled staff (502 wtd pts)’ is the main Technological problem. The second main technological problem is ‘Lack of knowledge about ICT tools (465 wtd pts) followed by ‘Lack of technical training for growing green fodder (436 wtd pts) and ‘Lack of high yielding varieties (HYV) in fodder crops (436 wtd pts).

Table No. - 5
Political Problems

Sl. No.	Problems	Ranks				Total Wtd. Pts.	Ranks
		I *4	II *3	III *2	IV *1		
1	Lack of political will	28 (112)	24 (72)	10 (20)	38 (38)	242	IV
2	No effort for creating political awareness among members	32 (136)	22 (60)	12 (32)	34 (34)	262	III
3	Political affiliation vitiate in the working environment of cooperative dairy	42 (168)	38 (114)	10 (20)	10 (10)	312	I

4	Absence of effective leadership among cooperative dairy members	40 (160)	27 (81)	10 (20)	23 (23)	284	II
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[Source – Field survey] (**Note** - Figures in the brackets indicates weighted points)

(**Wtd. Pts.** – Weighted Points)

Data in Table No. - 5 throws light on perception about Political Problems faced by sample cooperative dairies in Belgaum district. Majority of the respondents reported that among others ‘Political affiliation vitiate in the working environment of cooperative dairy (312 wtd pts)’ is the main Political problem followed by ‘Absence of effective leadership among cooperative dairy members (284 wtd pts) and ‘No effort for creating political awareness among members (262 wtd pts)’.

Findings of the study –

1. Majority of the respondents have reported that ‘Lack of Funds (484 wtd pts)’ is the main economic problem followed by ‘No proper utilization of cooperative dairy funds (457 wtd pts)’.
2. Majority of the respondents have reported that, among others ‘Insufficient space for office of cooperative dairy (316 wtd pts)’ is the main Infrastructural problem and second main infrastructural problem is ‘Milk chilling centers are located at distant places (287 wtd pts)’.
3. Among others ‘Lack of skilled staff (502 wtd pts)’ is the main Technological problem followed by ‘Lack of knowledge about ICT tools (465 wtd pts)’.
4. Among others ‘Political affiliation vitiate in the working environment of cooperative dairy (312 wtd pts)’ is the main political problem followed by ‘Absence of effective leadership among cooperative dairy members (284 wtd pts)’.

Future Prospects –

Despite all the problems it faces, the dairy sector holds high promise as a dependable source of livelihood for the vast majority of the rural poor. Liberalization of world trade in dairy products under the new trade regime of the WTO poses new challenges and has opened up new export opportunities for the dairy industry. The dairy sector in India needs to enhance its competitive economic advantage in dairy products in terms of both quality and cost and its credibility in international markets. The role of government should be to direct, coordinate, and regulate the activities of various organizations engaged in dairy development; to establish and maintain a level playing field for all stakeholders; and to create and maintain a congenial socio-economic, institutional, and political environment for smallholder dairy development. A comprehensive dairy development policy must be formulated. Such policy should be an integral part of national development policy and due consideration should be given to its direct and indirect effects on other sub-sectors of the economy and vice-versa. The future of dairying will also rely on the continued adaptation of management techniques to suit markets, environments, and socio-economic conditions. Managing dairy plants and cattle-feed factories is not the business of government; it is better left to professional managers who are employees of the milk co-operatives and hence are accountable to their member milk producers. In spite of these developments, milk marketing in India remains grossly primitive compared to its western counterparts. It begins with the largely unregulated sector, which handles the majority of the milk production, providing ample opportunity for malpractice. Some of the common forms of malpractice include false measurements in the selling of milk and adulteration of milk. Another major impediment to an efficient marketing system

Concluding Remark-

“Failure is never final, and success never ending.” Former Chairman Kurien bears out this statement perfectly to describe the current status of the dairy industry in India. The Indian dairy industry needs to focus simultaneously on the four-fold challenge of quality, product development, infrastructure-support development, and global marketing. Equally urgent is the need for strategic alliances with some of the leading dairy companies in the world for technical collaboration and marketing tie-ups. Raw-milk handling needs to be upgraded in terms of physicochemical and microbiological attributes of the milk collected. Dairying has been considered as one of the activities aimed at alleviating the poverty and unemployment especially in the rural areas in the rain-fed and drought-prone regions. In India, about three-fourth of the population live in rural areas and about 38% of them are poor. The progress in this sector will result in a more balanced development of the rural economy (Nargunde,2013). Better operational efficiencies are needed to improve yield, reduce waste, minimize fat and protein losses during processing, control

production costs, save energy, and extend shelf life. The adoption of Good Manufacturing Practices (GMP) would help manufacture milk products that conform to international standards and thus make exports competitive.

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