



# “ENHANCING DAIRY FARMING PROFITABILITY: A STUDY ON FINANCIAL PRACTICES AND SUPPORT MECHANISMS IN THRISSUR DISTRICT OF KERALA.”

Ms.Anila Balan, Associate Professor, Sree Narayana College , Nattika

Email : [anila.commerce@gmail.com](mailto:anila.commerce@gmail.com)

Ms.Aavany V.B, M.Com ,Sree Narayana College, Nattika

Email: [aavaniyb2003@gmail.com](mailto:aavaniyb2003@gmail.com)

**Abstract:** This study examines the financial management practices and support mechanisms influencing dairy farming profitability in Thrissur district, Kerala. A descriptive and analytical research design was adopted, with primary data collected from 65 dairy farmers through structured questionnaires and supported by secondary sources. The study focused on income, expenditure, savings, credit utilization, and the role of cooperatives and government subsidies. Statistical tools such as correlation and ANOVA were used to analyse relationships between financial practices and support systems.

Findings reveal that cooperative societies significantly improve financial management and income levels, while government subsidies positively influence profitability and reduce dependence on loans. However, low financial literacy, limited awareness of schemes, and procedural delays hinder maximum benefit realization. The study concludes that strengthening financial literacy, cooperative networks, and subsidy accessibility is essential for sustainable dairy sector development in Kerala.

**Keywords:** Dairy Farming, Financial Management Practices, Cooperatives, Government Subsidies, Profitability.

## *Introduction:*

The dairy industry plays a vital role in rural economies by generating employment, supporting livelihoods, and ensuring income stability for small and marginal farmers. In India, the sector contributes significantly to national GDP and rural development. Effective financial management is essential for sustaining dairy farming, as it enables farmers to manage costs, plan investments, adopt modern technologies, and reduce dependence on external credit.

Dairy farmers face challenges such as fluctuating milk prices, rising feed costs, and climatic uncertainties. To address these issues, they adopt financial practices like budgeting, record-keeping, and cost control. Cooperatives strengthen financial stability by facilitating credit access, marketing support, and economies of scale. Government subsidies further enhance profitability by reducing operational costs and promoting technological adoption. This study examines financial practices, the role of cooperatives, and the impact of government subsidies on dairy farming profitability.

## *Scope of the Problem:*

Dairy farming is a major source of rural income, yet many farmers face difficulties in maintaining consistent profitability due to weak financial management, market fluctuations, and limited access to institutional support. Inadequate record-keeping, poor cost control, and lack of financial planning restrict effective decision-making. Although cooperatives and government subsidies are intended to enhance financial stability through credit access, marketing support, and cost reduction, issues such as operational inefficiencies, limited awareness, and delays in subsidy disbursement reduce their overall impact. In this

context, the study focuses on dairy farmers in Thrissur district, Kerala, examining financial management practices, the role of cooperatives, and the effectiveness of government subsidies in improving profitability and ensuring sustainable growth in the sector.

### *Objectives of the Study:*

1. Explore the financial management strategies employed by dairy farmers.
2. Assess how cooperatives enhance financial practices and profitability in the Dairy sector.
3. Evaluate the effects of government subsidies on the financial outcomes of Dairy farmers.

### *Hypotheses of the Study:*

H0<sub>1</sub>: There is no significant relationship between financial management practices and profitability of dairy farmers.

H1<sub>1</sub>: There is a significant relationship between financial management practices and profitability of dairy farmers.

(For Correlation Test)

H0<sub>2</sub>: There is no significant difference in profitability among dairy farmers based on access to cooperatives and government subsidies.

H1<sub>2</sub>: There is a significant difference in profitability among dairy farmers based on access to cooperatives and government subsidies.

(For ANOVA Test)

### *Research Design and Methodology:*

The study adopted a descriptive and analytical research design to examine the financial management practices of dairy farmers and their impact on profitability. The research focuses on identifying relationships between financial practices, cooperative support, government subsidies, and financial outcomes among dairy farmers in Thrissur district, Kerala. A structured questionnaire was used to collect primary data from 65 dairy farmers selected through convenient sampling.

### *Sources of Data:*

The study is based on both primary and secondary data. Primary data were collected directly from dairy farmers in Thrissur district through a structured questionnaire. Secondary data were obtained from journals, books, official reports, and relevant websites to support the conceptual framework of the study.

### *Tools for Data Analysis:*

The collected data were edited, classified, and analysed using SPSS software. Statistical tools such as Correlation and ANOVA were applied to examine the relationship between financial management practices and profitability, and to assess differences in profitability based on cooperative support and government subsidies.

Variables Used in the Study:

*Independent Variables:* Financial management practices, Cooperative support, Government subsidies

*Dependent Variable:* Profitability of dairy farmers

### *Review of Literature:*

1. Balambika T A (2020), in her study “Financial Management Practices Of Tenant Farming – An Empirical Study of Kuttanad”, explores the Financial challenges faced by tenant farmers in paddy cultivation. The Study highlights issues like limited access to credit, reliance on moneylenders, high cultivation costs, and low profitability. It emphasizes the need for better financial literacy, simplified loan procedures, and increased institutional support. The research calls for sustainable development strategies and government intervention to improve productivity, making tenant farming in Kuttanad more viable and Profitable.

2. Jennifer L. Harrison (2006), in the study titled “Financial Management and Dairy Farmer Satisfaction with Performance”, examined the relationship between financial management practices and farmer satisfaction in New South Wales, Australia. Using survey data from 204 dairy farms and applying principal components and regression analysis, the study identified key financial management dimensions such as appraisal practices, budgeting, environmental accounting, and financial analysis. The findings revealed that stronger financial management practices, particularly investment appraisal techniques and environmental accounting, were significantly associated with higher satisfaction with business performance. The study emphasizes the importance of structured financial management in improving dairy farm outcomes.
3. Kaur, Mandeep (2023), in the study titled “Role of Government in Promoting Dairy Farming as a Measure of Poverty Alleviation in Haryana”, examined the impact of government initiatives on dairy development and rural poverty reduction. The study analyzed government policies, dairy development programs, bovine population trends, per capita milk production, and income from milch animals. It also evaluated the impact of Operation Flood phases I, II, and III on milk production and income growth. Using mathematical models, the study concluded that effective policy implementation and institutional support significantly strengthen the dairy sector and contribute to poverty alleviation.
4. Pawar Sidaji J (2016), in the study titled “Analytical Study on Financial Management of Farmers in Latur District”, examined the financial management practices of farmers and their impact on profitability. The study analyzed farmers’ attitudes toward financial management, liquidity position, asset–liability management, capital structure, and working capital components. It highlighted the challenges arising from the seasonal nature of agriculture and its effect on financial stability. The findings emphasized the need for improved financial planning and efficient management of resources to enhance farmers’ profitability and long-term sustainability.

#### *Data Analysis and Interpretation:*

1. Reliability Analysis: The reliability of the scale was tested using Cronbach’s Alpha. The alpha value of 0.704 (0.854 based on standardized items) indicates acceptable to good internal consistency. This confirms that the questionnaire items used to measure financial practices, cooperative support, and government subsidy impact are reliable for statistical analysis. Hence, the data collected is consistent and suitable for further interpretation.
2. Correlation Analysis – Role of Cooperatives and Financial Performance The Spearman correlation coefficient of 0.717 shows a strong and positive relationship between the perceived role of cooperative societies and the financial performance of dairy farmers. The p-value (0.000) is less than 0.01, indicating statistical significance at the 1% level. This implies that farmers who perceive greater support from cooperative societies tend to report better financial outcomes. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted. The findings highlight that cooperative societies play a crucial role in strengthening financial stability and improving profitability through credit support, market linkage, and technical assistance.
3. Descriptive Analysis – Impact of Government Subsidies The descriptive statistics show that most dairy farmers agree that government subsidies have positively influenced their financial performance. The mean values range between 1.34 and 1.71, indicating strong agreement regarding profitability improvement, cost reduction, farm expansion, financial stability, and reduced loan dependence. The lowest mean score (1.29) is observed for reduced reliance on loans, suggesting that farmers strongly believe subsidies decrease loan dependency. The standard deviation values are mostly below 1.0, indicating consistency in responses. However, cost reduction shows relatively higher variation, suggesting that benefits are not experienced equally by all farmers. Overall, the results indicate a positive perception of subsidy support among dairy farmers.
4. ANOVA Analysis – Impact of Government Subsidies on Financial Performance The Analysis of Variance (ANOVA) was conducted to determine whether government subsidies significantly impact different aspects of financial performance. The results show statistically significant impacts on:

Profitability ( $p = 0.003$ )

Reduction in production costs ( $p = 0.005$ ) Farm expansion ( $p = 0.001$ )

Financial stability ( $p = 0.046$ )

Reduction in loan dependence ( $p = 0.000$ )

Since all p-values are less than 0.05, the null hypothesis is rejected. This confirms that government subsidies significantly improve the financial performance of dairy farmers.

The strongest impact is observed in reducing loan dependence, followed by farm expansion and profitability.

Overall, the findings suggest that both cooperative support and government subsidies play a significant role in enhancing the financial stability and profitability of dairy farmers.

### ***Findings:***

The study reveals that financial management practices among dairy farmers are moderately developed but require improvement. Although more than half of the farmers maintain financial records and review their finances regularly, a significant proportion either use traditional methods or do not maintain records at all. Less than half of the farmers prepare budgets, and many rely on personal savings or borrowing during financial difficulties, indicating limited structured financial planning and risk management. These findings suggest the need for improved financial literacy and adoption of systematic financial practices.

The findings further highlight the strong role of dairy cooperatives in enhancing financial performance. Almost all farmers are members of cooperatives, and they benefit from services such as credit support, milk procurement, training, and market linkage. Correlation analysis confirms a strong positive relationship between cooperative support and financial performance, indicating that farmers who actively engage with cooperatives tend to manage their finances better and earn higher income. However, some farmers experience difficulties in accessing cooperative services, suggesting the need for improved communication and service delivery.

Regarding government subsidies, the study finds that all surveyed farmers have received some form of subsidy, mainly for cattle feed and insurance. ANOVA results indicate that subsidies have a significant positive impact on profitability, cost reduction, farm expansion, financial stability, and reduced loan dependence. Farmers who receive subsidies for a longer duration report better financial outcomes and lower reliance on external borrowing. However, challenges such as delays in disbursement, insufficient subsidy amounts, and complex procedures limit the full benefits of these schemes. Overall, the findings confirm that both cooperatives and government subsidies play a crucial role in improving the financial sustainability and profitability of dairy farmers.

### ***Conclusion:***

The study concludes that while dairy farmers benefit significantly from cooperative support and government subsidies, financial management practices such as budgeting and systematic record-keeping remain limited. Correlation and ANOVA results confirm that cooperatives and subsidies positively influence profitability, financial stability, and reduced loan dependence. However, delays in subsidy disbursement and lack of financial awareness restrict their full impact. Therefore, strengthening financial literacy, improving cooperative services, and ensuring timely and simplified subsidy implementation are essential for enhancing the long-term sustainability and profitability of dairy farming.

### ***Bibliography:***

- Adith Joseph (2024). Socio-economic conditions of dairy farmers in Thiruvananthapuram district.
- Balambika, T. A. (2020). Financial management practices of tenant farming: An empirical study

of Kuttanad. Department of Commerce, University of Kerala.

- Elsa Elizabeth Jacob (2020). Economic efficiency of milk production among Kerala dairy farmers. Department of Commerce and Management, Amrita Vishwa Vidyapeetham University.
- Ganesh Somnath Jorvekar (2017). A study of the impact of dairy industries on socio- economic and financial development of dairy farmers with special reference to Ahmednagar District (2009–2014). Vaikunth Mehta National Institute of Co-Operative Management, Savitribai Phule Pune University.
- Harrison, J. L. (2006). Financial management and dairy farmer satisfaction with performance. Southern Cross University.
- Janardanan Pillai, B. (2005). Economics of milk production in Kerala. Department of Economics, University of Kerala.
- Joseph, M. K. (2012). Village milk cooperatives in Kerala. School of Social Sciences, Mahatma Gandhi University.
- Kaur, M. (2023). Role of government in promoting dairy farming as a measure of poverty alleviation in Haryana. Department of Economics, Chaudhary Charan Singh University.
- Pawar, S. J. (2016). Analytical study on financial management of farmers in Latur District. School of Commerce and Management Sciences, Swami Ramanand Teerth Marathwada University.
- Reeja George Pulinilkunnthil (2012). Entrepreneurial behaviour of women dairy farmers of Kerala State. The Gandhigram Rural Institute.
- Rejitha, P. R. (2020). A study on the role of dairy cooperatives in the socio-economic development of dairy farmers in Kerala. Kannur University.
- Ravikumar, R. (2013). An assessment of financial literacy of farmers and its impact on farm financial management and productivity. Tamil Nadu Agricultural University.
- Shaik Anwar Basha (2016). Cost-benefit analysis of dairy farmers and dairy units in cooperative and private sectors. Acharya Nagarjuna University.
- Shivagangavva, P. D. (2022). Socio-economic profile of the dairy farmers: A study in rural-urban interface of Bengaluru. *Asian Journal of Agricultural Extension, Economics & Sociology*, 151–161.
- Thomas, J. (2021). A study on the cost-benefit analysis and financial comparative analysis of dairy farmers in public and private sectors of Tamil Nadu. Bharath University.
- Vince, V. (2023). A study on financial literacy and financial inclusion among small farmers in Kerala: A step towards avoiding farmers becoming debtors. Manonmaniam Sundaranar University.
- Yadav, S., & Singh, P. K. (2024). Exploring the income patterns and socio-economic impact of women engaged in dairying: A case study of Jaipur District. *Pragati: Journal of Indian Economy*, 11(1), 108–119.