



# An Empirical Analysis of Dairy Cooperative Societies Performance in Salem District of Tamilnadu: Milk Producers' Perspective

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## Abstract

The primary aim of this paper is to examine the SWOT (Strength, Weakness, Opportunities and Threats) of Dairy co-operative societies in Salem district from co-operative members' perspective. This study was undertaken in Salem district of Tamil Nadu where milk marketing agencies viz., co-operative and private agencies are procuring milk from the rural producers and delivering dairy services viz. breeding, therapeutic, supply of inputs, preventive, extension and marketing services to their member producers as paid or subsidized service to their member producers. A total of 75 milk producers of Dairy co-operatives were randomly selected from five selected villages to represent five randomly selected blocks of Salem district. Majority of the milk producers were middle aged, illiterate with agriculture as primary occupation and experience of more than 10 years in dairying. The study also summarizes the Strengths, Weaknesses, Opportunities and Threats (SWOT). The major strengths were the farmers are pouring milk to DCS traditionally; Dairying is a source of stable income and good commitment from the dairy development department. The major weakness was low procurement price for milk and non-accessibility of Dairy husbandry services (DHS). There are opportunities that breeding and therapeutic services could be delivered on cost-recovery basis and landless farmers could be motivated for sustainable dairying. The major threats faced by the DCSs were heavy competition from private players with respect to better service delivery network and tapping of remote areas for procuring milk. The study recommends Dairy development department to focus on the four-fold challenges viz., nominal milk procurement price, ensuring veterinary service delivery, infrastructure-support, and schemes congenial to milk producers and implementation area.

**Keywords** : Dairy husbandry services, DAH, Dairy co-operatives

## Introduction

India is endowed with the largest dairy animal population in the world. The dairy sector is characterized by small-scale, scattered, and unorganized milk-animal holders; low

productivity; non-availability of veterinary services at door step, lack of an assured year-round remunerative producer price for milk and lack of scientific management of their

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animals. After the constitution of NDDB in 1965, Dairy co-operatives emerged in India as the largest rural employment scheme, enabling the modernization of the dairy sector to a level from where it can take off to meet not only the country's demand for milk and milk products but can also exploit global market opportunities. Dairy co-operatives play a vital role in alleviating rural poverty by augmenting rural milk production and marketing (Rajendran and Mohanty, 2004)., Datta and Ganguly (2002) reported that if the current growth (5-7 %) continues for the next twenty years milk consumption is likely to more than double by 2020. In this aspect there is the need to understand the internal strengths and weakness and external opportunities and threats of DCSs viability is

## Results and Discussion

**Table 1: Profile of milk producers of DCS**

S.No	Categories	Majority	Percentage	Mean	Range
1	Age in years	Middle age	68.00	47.95	20-75
2	Family size	Small	57.33	4.63	2-10
3	Education	Illiterate	24		0-15
4	Primary occupation	Agriculture	81.33	-	
5	Secondary occupation	Dairying	73.33	-	
6	Experience in dairying	>10 years	97.33	15.12	6-30
7	Land holding	Marginal	49.33	2.80	0-25
8	Herd size	4-7	53.33	5.89	2-13
9	Annual income(in Rs)	24,000-1 lakh	48.00	32334.61	1000-217700
10	Milk production (lpd)	10.1-15.0	33.33	15.97	3-57
11	Milk consumption(lpd)	0.5-1.0	42.67	1.04	0-2.5
12	Milk sales(lpd)	5.1-10.0	25.33	14.94	3-55.0

Modus Operandi of delivery of Dairy Husbandry Services by Dairy co-operatives:

### Breeding and Therapeutic Services

The Salem milk union was delivering dairy husbandry services to their member producers through 18 veterinary consultants and 600 village level workers (VLWs) / DCSs secretaries. The DCSs was providing AI service for Rs.20/- at doorstep and for Rs. 15/- at society. The agency was providing therapeutic services at the societies free of cost and at doorstep of the owners at Rs.40.

### Input Services

The Salem union is supplying two types of feeds viz., IPL and Aavin to the elite and interested dairy farmers on

inevitable for betterment of rural milk producers.

### Methodology

The present study was conducted among milk producers of DCS of Salem district of Tamilnadu state. A total of five Dairy co-operative societies, from five blocks of Salem district were selected, based on the criteria that private milk marketing agencies are also playing an important role in milk procurement. Strength, Weaknesses, Opportunities and Threats (SWOT) analysis was done by personal observation and analysis of data categorized after interviewing the milk producers. To get the holistic performance of service delivery the sample respondents were selected from society level.

payment. The fodder slips were supplied to the members at nominal cost. Similarly, seeds of fodder sorghum and mineral mixture were also supplied at free of cost to the milk producers through the respective. Deworming medicines were provided to the PMCS secretary and VLWs for deworming the animals of the member producers at free of cost. The cattle were vaccinated against some important diseases with the help and co-operation from the state DAH.

### Extension Services

Each veterinary consultant is responsible for organizing such campaigns in two villages in a month on rotation basis.

**Table 2: Growth of DCSs in Salem milk union**

S.No	Items	Category	2011-12	2012-13	2013-14	2014-15	2015-16
1	Total number of DCS	n	1262	1298	1298	1208	1228
		% change		2.85	-	-0.078	1.65
2	Total number of pouring members	n	48695	48,695	48,783	59,536	53,456
		% change		-	0.18	22.04	-10.21
3	Milk procured by societies (ltpd)	n	3.99	4.67	4.50	4.56	5.23
		% change		17.04	-3.78	1.33	14.6

(Source: Policy Note, Dairy Development Department)

**Table 3. Extent of availing dairy husbandry services from milk marketing agencies (n=75)**

Sl. No	Type of services	Number of DCS members availed	Willingness of the respondents to pay for services at door step
1	AI	16(21.33)	67 (89.33)
2	Therapeutic	0	66 (88 .00)
3	Deworming	4(5.33)	0
4	Vaccination	Not provided	0
5	Extension	0	0
6	Supply of cattle feed	16(21.33)	0
7	Supply of fodder slips	2(2.67)	0

**Table 4: Milk Producers perceptions' over the Performance of DCS**

S.No	Criteria	f	%
<b>Milk producers dissatisfaction with milk collection centre (n=75)</b>			
1	Transparency in milk testing for fat and SNF(Manual testing)	73	97.33
2	Procurement price	74	98.67
<b>Suggestions for improving service delivery by DCS members</b>			
1	Door step veterinary service by milk union	33*	44
2	Subsidized quality feed	22*	29.33
3	Providing credit for purchase of animals	12*	16.0
4	Increase in milk procurement price	28*	37.33
5	Mechanization in milk procurement	22*	29.33

\*Multiple responses

### Strengths

Strengths are those factors that make an organization more competitive than its peers. The Strengths of DCSs were discussed based on the observation and analysis of the collected data from the angle of milk producers. The important strengths of the DCSs were milk producers are pouring milk traditionally to DCS (58.67%), Dairying is the source of stable income (73.33%) good commitment from the dairy development department for scheme implementation and easy converging with state department of animal husbandry in executing preventive service programmes. Apart from this, dairying is the secondary occupation to the majority of the milk producers next to agriculture and procuring milk from the producers from the range of 3.0 to 55.0 lpd in the study area. Further Bindu et al., (2014) and Pandian et al.,(2013) revealed that dairy sector had strength like effective network of animal husbandry department, increasing consumption of milk, proven technologies, free marketing system and regular income from sale of milk.

### Weakness

Weaknesses are the factors that will keep the organization away from achieving its objectives. The major weakness was low procurement price for milk (98.67%)(Table 4). The result also reveals that number of farmers availing breeding and therapeutic services is less (21%) and only "fewer members availed fodder seeds/fodders (21%)". It's also observed from the Table 3 that no farmers are availing extension services from DCS due to its poor observability as the due importance was not provided by DCS. The above findings are supported by the findings of Eshetu (2008) who reported the weaknesses of dairy cooperatives in central Ethiopia which included lack of proper and timely animal health services to the member farmers. He also reported insufficient advertisement and promotional works to attract new farmers or potential customers as other weaknesses. Rathod et al., (2011) also reported that low price of milk as compared to other market players in the study area were other weakness of the dairy cooperatives. Wani et al., (2013) reported that non remunerative price of milk, less membership and lack of adequate infrastructure facilities were the serious problems faced by the cooperatives societies under JKMPCL. Sangameswaran et al., (2015) reported in the study conducted in Salem district that more number of respondents of private players were satisfied with the various activities of milk collection centre viz., location

of the centre, transparency in testing fat and SNF testing, payment interval and procurement price. From the observation, it is clear that there is a good scope to turn the weaknesses into strengths of the organization by strengthening the delivery of dairy husbandry services. Corroborative approach should be adopted with the department of animal husbandry to ensure proper preventive services to the rural producers. As the extension services are target oriented rather than need oriented; no sample farmers availed the same. This weakness can be addressed by ensuring extension services available at block level.

### Opportunities

Opportunities include any favourable current prospective situation in the organizations to enhance its competitive position. The close look of the result presented in Table 3 showed that the important opportunities were that Willingness of the respondents to pay for breeding and therapeutic services (88.00 %) and landless farmers' also contributing substantial amount of milk to DCS ( Mean production-17.25 lts). A glance at the Table 1 revealed that there was bright prospect for the co-operative societies to attract more rural milk producers to pour milk to their pot. Rathod et al., (2011) revealed that in Western Maharashtra, the dairy cooperatives were harnessing the opportunities of the increasing production and better market coverage by improving the quality of input services and reducing the cost of milk production. The willingness of the respondents to pay for the services is the biggest opportunity for union to extend its support and services to the milk producers on cost recovery basis which could also relieve the organization from financial burden.

### Threats

A threat includes any unfavourable situation, trend or impending change in an organizations environment that is currently or potentially damaging or threatening to its ability to compete with its peers. The private players were procuring the milk from remote villages and low production villages. The major threats faced by the DCSs were heavy competition from private units, having comparatively better marketing channels with huge advertising budget, better Dairy husbandry service delivery network and computerization of the milk procurement with the provision of weekly payment or daily payment. Suggestion of the sample producers (Table 4) highlights the other threats like lack of professional man power and lack of appropriate policy for formation of

exclusive livestock extension service. From the observation it appears that these threats could be minimized by proper tapping of strengths and opportunities of DCS/milk union. Rathod et al., (2011) also have reported that lack of appropriate policy favouring the dairy sector is the threat to dairy cooperatives. Milk vendors and other unorganized sector players, occupying pride place in dairy sector today were mentioned as threats to organized sector of milk marketing in Dairy India (1997).

### Conclusion and Recommendations

The overall sustenance of the dairy cooperatives necessitates a comprehensive approach in quality milk procurement, nominal procurement price for producers, increasing the credibility by complete computerization of milk

procurement coupled with availability and accessibility of dairy husbandry services. The study concluded that there was a prime need to reorient the policies for establishing exclusive dairy husbandry service delivery wing and complete automatization of the procurement centres. Policy makers should frame strategies to face the threats and remove the weaknesses of DCS. It's also suggested that researches should also be taken on priority basis for self-assessing all the milk unions to frame proper policies to improve its viability. This study put forward that Dairy development policies needs to focus simultaneously on the four-fold challenges viz., nominal milk procurement price, ensuring veterinary service delivery, infrastructure-support, and policies for sustainable dairying for rural poor milk producers.

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