CHAPTER II
CHAPTER IS

REVIEW OF LITERATURE

In the present chapter, review of literature related to the dairy farming and cooperatives has been classified into three parts. The first part has been focused on the dairy enterprises the second part on the dairy cooperatives and the economic status of dairy cooperatives beneficiaries has been reviewed in the third part.

2.1 DAIRY ENTERPRISE

Pepperal, Milk Marketing adviser to the Government of India, in 1945, while reviewing the situation of milk production and marketing observed that the quality of milk in India was worse than the sewage in London and recommended that separate department for Dairy Development to appoint milk commissioners to undertake dairy development.

Jain et al in their study highlighted the impact of milk supply schemes on the rural economy in Dudsaghar dairy area in Uttar Pradesh (U.P). The cost of milk production as well as employment generation were analysed with the help of simple statistical analysis of 780 stratified samples of two villages. The main findings of the study showed that there was comparatively better production, yield, income
and pattern of employment in Cooperative dairy area than in the non-project areas.

Narayana\textsuperscript{3} in his study on the impact of cooperative milk union on rural industry emphasized that the spread effects of dairy farming by way of external economics creation of demand for dairy input services, demonstration effect, and infrastructural facilities are essential for rural industrialization of dairy units.

Manohar and Sudarshan\textsuperscript{4} in their study on Dairying as a household industry analysed the role of dairy development and other agencies in the development of dairy units, employment opportunities and the livelihood of the weaker sections of the selected sample society in their study area.

A study of Singh and Rajiv Singh\textsuperscript{5} highlighted that the dairy financing by Gramin Bank underwent overall changes with the investment pattern of borrowers in term of higher assets, particularly in case of milk buffaloes and heifers. These interns helped the vulnerable sections (agricultural farm labourers, marginal and small farmers) in the area in raising their production, productivity and income on one hand and the level of employment on the other besides, this increased milk output also provided greater supply of this important food item.

Suriyamurthy\textsuperscript{6} reported that dairying have to develop expertise in managing the politico-legal environment and he emphasised that it has
to mend in tune with the cooperative laws and adopt Model Act to ensure that cooperative has to compete with the private sector in a level which is playing a vital role as same as commercial organisation.

Sharma, and Kuber Ram⁷ had revealed that the percentage of farmers borrowing credit from different sources constituted only 18 per cent of the total household of weaker sections and they found that commercial banks were the major sources of the finance to the weaker section households and the dairy were animals mainly accounted for largest share of loan for landless (73.49 per cent) and marginal farmers (50.65 per cent). They identified that there was good response for dairy development programmes by weaker section households. They further reported that significant higher milk production, marketed surplus and per capita income on borrower, those of non-borrowers indicated positive impact of credit on the economy of weaker section households. If more credit facilities along with the suitable dairy extension and assured marketing programmes were available to this section of rural community, they could improve their economy and generate higher quantum of marketed surplus of milk required by dairy industry.

Rajgopal⁸ conducted a study on marketing competition in the dairy industry, The Ice cream, cheese and butter market to be segmented. The production of milk products may be geared up. New products like condensed milk, dessert, etc., to be tested on pilot basis in identified markets. This will also help in segmenting the markets.
Singh, and Rajivir Singh revealed that the medium term credit need for dairy enterprise was higher on land less households and a declining trend with increase in farm size. These exist a considerable gap in the credit requirements in all the categories of farmers. Among non-institutional financial agencies, moneylender with contributing major share in loan advancement. Borrowers were fully depending on non-institutional finance agencies to meet unproductive credit requirement like family consumption and social ceremony.

George analysed that, link between technology and institutions in harmonizing the interests of various groups of person associated with the livestock sector is one area that requires further careful analysis. The study suggested that it is also important to have detailed studies to identify the major constraints in realizing the full potential of this sector and to evolve suitable measures for the speedy implementation of policies and programmes and the socio-economic impacts of the rapid changes in this sector over the least two decades are not carefully analysed, and in the absence of such detailed analysis it may turn out to be difficult to evolve plans for optimum utilisation of available resources, and to obtain a proper inter sectoral balance.

2.2 DAIRY COOPERATIVES

The finding of the study by Pathan that (i) in spite of the overall increase in business activities and profits of the society, the actual
expenditure incurred on items like milk checking, oil and petrol -diesel etc., was less than budgeted amount, (ii) high percentage of timely recovery of loans from the members enabled the society to pay principal and interest on borrowing from the banks regularly. The amount of interest paid is less than the estimate in the budget, (iii) it is noteworthy from the study that the society is following some kind of cost control system for avoiding unproductive and un-remunerative expenditure on advertisement, printing entertainment at the time of general meeting etc.,

Taimmi\textsuperscript{12} reported that milk revolution through cooperatives. The study covers milk production performance and marketing system for surplus milk and the role of anand pattern of cooperatives, National Dairy Development Board in Dairy Development and the Operation Flood I & II.

Singh, et al\textsuperscript{13} concluded from their studies that public and private sector organization could attract only about 17 per cent of the total milk sellers whereas a cooperative organizations procured milk from about 45 per cent of the total milk sellers in the village. The remaining milk sellers sold milk to either milk vendors, non-milk producers (directly to the consumer) or tea shop in the village itself. It was observed that in all the three villages, about 43 per cent of the milk producers did not at all sell milk and utilized all the quantity of milk produced in the household itself. It was also noted that the average quantity of milk procured per
day during the year by a cooperative sector organization was the highest (337 litres) and that by a public sector organisation was the lowest (72 litres). This indicated that milk procurement by the public sector dairy plant was much below the required level of efficiency for various reasons.

Tushaar Shah\textsuperscript{14} study pointed out that the union and the cooperatives are more likely to view the resource commitments for Al (Artificial Insemination) and cross breeding as highly profitable investments rather than as developmental expenditures which have no pay off in the foreseeable future and which, therefore, need to be minimised. In his another study\textsuperscript{15}, he found that the equivalent fat based pricing for cow milk over the last two decades represents an over skill, and the appropriate response would be to increase the slope of the cow milk price line.

A study of Lotan Singh and Singh\textsuperscript{16} revealed that the maximum efforts should be made to increase milk production through transfer of new technology of improved breeding, feeding, management and health care along with the price support for generating higher marketed surplus of milk in the milk shed area.

Bishnupriya Mishra, in his study\textsuperscript{17} found that the investment in working capital in relation to the total investment was considerably very low. The federation relied heavily on long-term funds during the first
half of the period under study whereas it has not relied much on long-
term funds during the later part of the period under study. The 
federation has experienced either shortage of working capital. The 
federation did not follow any uniform policy with regard to the 
determination of working capital investment.

Thaosen\textsuperscript{18} studied the step towards achieving integrated 
cooperative development in Dairy sector. The study suggested that 
numerous examples should be given of chaotic situations and unhealthy 
competition resulting from the individual union fixing their prices and a 
healthy integrated development of milk cooperatives will be possible 
only when the state Federation takes up the role of fixing periodical 
consensus price after thoroughly discussing in the Federation Board 
about pros and cons of the proposed price structures.

A study of Ramasamy and Ganesh\textsuperscript{19} found that there have been 
winds of change in the functioning of the cooperative milk union in 
Pondicherry and the change has been identifies better. The union 
should increase its present production by three or four times in a 
phased manner with the adoption of the largest high technology 
methods, in order to ensure competitive price, prompt supply to the 
customer, fair, returns to the producers and nominal profit for self. 

Benhur Dayakar Rao and Singh\textsuperscript{20} conducted study on impact of 
cooperatives on Dairy development in Andhra Pradesh. The study
pointed out that larger the growth, performance of dairy cooperatives was satisfactory. But, in cases of certain parameters, which were recorded low growth rate, concerted efforts ought to be made to achieve higher growth so as to bring about desirable socio-economic change in rural areas through dairy development efforts under the programme.

Yogesh Sood\textsuperscript{21} highlighted that dairy industry scenario is delicately poised for cooperatives, it could well be a make or break situation. The implementation of strategy for survival requires that the cooperatives look to their greatest resources, the women and men who own the cooperatives and those who serve them. If the members and employees join together for a concrete effort, it is clear that the challenges, posed by the New Economic Policy, will become opportunities that strengthen dairy cooperatives and substantially improve the environment in which they work.

Sandip.K. Bhatt\textsuperscript{22} analysed the various issues of Cooperative Dairying in India, with special reference to operation flood and inferred that the completion of operation flood II, milk production in the country would go up from 6.9 million litres and white revolution would these have ushered in the country by 1990 through cooperative.

Shyani and Raj Vir Sing\textsuperscript{23} reported that there existed two main underlying dimensions in the performance of dairy cooperatives, namely, financial indicators and physical indicators. The study
suggested that the existing system of grading the dairy cooperatives should be replaced by the scientific and more objective method which would not only help in rational allocation of financial assistance, but would also improve the management.

Sree Devi, et al\textsuperscript{24} observed that the Guntur milk producers cooperative milk union made significant programmes in terms of membership, number of societies milk procurement, milk sale and input supply, the membership milk procurement, share capital, reserve found and net profits increased during the period of 1985-86 to 1989 -90 in the selected four village cooperatives. Thus the dairy cooperatives have been recognized as a suitable instrument for the planned development of dairying in the country. The main thrust of dairy cooperatives is to raise milk production potential on member households, which in turn increase the income to support themselves and their families.

Chauhan, et al\textsuperscript{25} analysed the procurement and distribution of milk by the Himachal Pradesh State Cooperative Milk Producer’s Federation. The study suggested that is a need to enhance milk production in order to use dairy plant optimally. This can be done by educating farms on scientific management of superior milch animal breeds besides supplying standardized cattle feed.
Singh, and Arujun Prasad\textsuperscript{26} reviewed that despite progress in the organisation of cooperatives, coverage of membership and milk collection by dairy cooperatives failed to exert any positive influence on the bovine mix, milk production and consumption on participant households. Dairy cooperatives have mainly been engaged in milk trading and failed to create supporting services like animal health, artificial insemination and feed supply in the project area. On the basis of detailed analysis, the gains of dairy cooperatives are being accrued by the economically and politically powerful rural elite’s, and landless households of lower castes are again left out of the net of the dairy cooperative system.

Singh and Choudhary\textsuperscript{27} concluded from their study that educated and young persons manage dairy cooperative societies but there has been inadequate supply of inputs and services in the project area. There is an urgent need to increase the supply of inputs and services for faster development of dairy activities, which would increase the employment opportunities and income level in the project area.

2.3 ECONOMIC STATUS OF DAIRY COOPERATIVES AND BENEFICIARIES

Patel and Pandey\textsuperscript{28} in their study “Economic Impact of Kaira District Cooperative Milk Producers Union” highlighted that the dairy cooperative had a positive impact on milk prices, adoption of modern dairy practices, milk yield per animal, household dairy income and per
capita milk consumption. These results were accrued by comparing 100 respondents in controlled and non-control led villages selected as sample area.

Michael Halse\textsuperscript{29} examined that the several apparently necessary and sufficient conditions for successful evolution of institutions like India’s dairy cooperatives. This examination in general supports that the experience of India’s dairy cooperatives can be applied to a wider range of rural development objectives.

A study of National Dairy Development Board\textsuperscript{30} on the socio-economic productivity and production practices of milk producer’s of Sabrkanth, of Gujarat and Rothak district of Haryana found that the cooperatives are the most effective organisation in channelising the dairy development input and milk marketing. A good association with every technical and material change reflects a corresponding change in the attitudes values and behaviour of the people.

Rai and Rajagopalchar\textsuperscript{31} reported that the creation of milk marketing structure in the rural areas and provision of allied services by milk cooperative have made certain favourable impact on the economy of rural milk producers. Milk producers merely as milk collection centres do not view the milk cooperatives where they go for disposing of their surplus milk, but they are considered as institutions, which play a vital
role in uplifting the rural economy in general and that of the milk producers in particular.

Bardhan and Ganguly\textsuperscript{32} revealed that the success of cooperative in efficient handling of milk, the Anand pattern is now being replicated in other agricultural product’s marketing notably in oil seeds, fisheries and fruits and vegetables whereby producers manage their own business themselves. The full implications of operation flood will be realised in coming years when the village cooperative will dislodge the traditional marketing system in the country, for the benefit of producers and consumers.

Inamke, et al\textsuperscript{33} analysed that due to better resource conditions, the large sized societies had extended maximum benefits than the small and medium sized societies. In other words, members of large sized societies availed maximum benefits than the small and medium sized societies.

A study of Bhoples\textsuperscript{34} reflected that the dairy cooperatives have proved their worth in increasing the income and upliftment of socio-economic position of the dairy farmers in the rural social system. The increase in income and investment of income generated from dairy business was found to be significantly higher in case of beneficiaries domesticating both cow and buffaloes. The domestication of both cows and buffaloes is thus proved to be the more economically beneficial and
profitable than only possessing cow or buffaloes. The investment of income by the respondents also indicated that the beneficiaries were convinced about the importance of dairy farming for betterment of their socio-economic condition and given higher priority for purchase of more milch animals from the income, which generated from dairy business.

Hema Tripathi and Kunzru\(^35\) made a study on comparing the socio-personal and socio-psychological characteristics of rural women between member and non-member dairy cooperative system. The study recommended that the services, supplies, along with technical assistance as provided in an organised manner by the dairy cooperatives to member families is also provided to all non-member families and income and employment can also be generated for them through augmented productivity of their dairy animals. The socio psychological and socio-personal characteristics, which influence the generation of employment and income through augmented productivity of dairy animals, should be modulated through structured training schedules and methodologies.

A study of Rajendra Naidu et al\(^36\) found that impact of dairying is reflected in the upliftment of rural poor farmers by way of additional part time and full-time employment. Thus the study concluded that the dairying is an appropriate and beneficial occupation to increase the purchasing power of rural farmers.
Chahal and Gill\(^3^7\) in their study on comparative economics of milk processing have highlighted that most of the milk plant in cooperative sector were working under capacity while those in the private sector were working on an average above the installed capacity. This is due to the conversion of milk into milk products by private milk plants, while the cooperative milk plants sell directly in liquid form after standardisation, which affects the profit margin. Further it is observed that due to political interference, the cooperative plants were forced to employ more personnel than the necessary, which overburdened the budget of milk plants.

Sunita Kaushik and Savitha Singal\(^3^8\) focused the involvement of rural women in dairy cooperative societies in Haryana and found that the women had no training in any aspect of dairy. The women members also need to be made aware of existing subsidies and other benefits provided by the government.

Chahal and Balwinder Singh\(^3^9\) examined the growth of major components of the cooperative milk societies and the Punjab State Cooperative Milk Producers Federation Limited (MILKFED) in the Punjab state. The study focused, the production and marketing of milk through cooperative (MILKFED) and the economic analysis of activities of Punjab milk producer’s cooperative Federation limited in the Punjab.
Ganesh Kumar and Prabaharan\textsuperscript{40} reported that the higher net profit for the members. This obviously shows that dairy cooperatives had a positive impact on the income of member household in the study area. It is, therefore, suggested that the non-members should be made aware of the benefits emerging from the dairy cooperatives.

Shiyani\textsuperscript{41} investigated that the concrete efforts, by the dairy cooperatives, are needed to educate and convince the non-members about the benefits of dairy cooperatives. The investigation revealed that if a fodder bank were created in this dry land region utilizing the institutional network like dairy cooperatives and fodder seasons, it would certainly help in increasing the milk production.

Ranjitkumar and Sharma\textsuperscript{42} analysed the impact of dairy cooperatives on the rural economy in Nagaland District union. The annual average income in terms of gross income, return to fixed farm resource and net income from dairying were much higher on households beneficiaries as compared to non-beneficiary households.

Based on the review of the earlier studies relating to the dairy cooperatives and its impact on the economic status of the beneficiaries, the present study has been attempted to analyse the economic status of the dairy cooperative beneficiaries particularly with reference to Dindigul District of Tamilnadu.
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