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## AN OVERVIEW OF MAJOR ISSUES AFFECTING MILK PRODUCTION IN DAIRY SECTOR WITH REFERENCE TO TAMILNADU

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**Abstract:**-Dairy industry provides huge number of employment throughout the year and provides reasonable income (Direct and indirectly) to millions of people across the globe. Dairy business in rural areas, mostly women are involved in it. Tamilnadu dairy industry plays a significant role in the success of Indian dairy sector. The industry growth in last five years is much lower in the recent times. The low growth was witnessed due to number of issues during the milk production. There are various factors contributing to this low productivity. This article attempts to study only the major issues hampering milk production in Tamilnadu.

**Keywords:**Production problems, Employment, Growth.

### INTRODUCTION

Livestock sector plays a significant role in the Indian economy, particularly for the welfare of the rural population of India. It has become a crucial element in improving the life standard of rural people by means of providing cash income, employment, asset value and maintaining health status of people through supply of animal protein even during crop failure due to adverse climatic condition. Among livestock sector, dairy sector is the most important industry affecting economy of rural India. Dairying provides livelihood to millions of Indian farmers and generates additional income and employment for a large number of families in the countryside. Dairy industry is the single largest contributor to India's GDP and with its profound social impact, involves over 80 million small farming households. However, India with about 18.36 per cent of the world's total cattle and buffalo population accounts for only about 14.5 per cent of the world's total milk production. India is one of the largest milk and milk products producing countries in the world. The country's milk production increased from around 20 million tons in 1960s to 132.40 million tons in 2012-13. The per capita availability (290g/day in 2012-13) is almost equal to the requirement of 280g/day.

### Dairy Industry In Tamilnadu

Tamilnadu Co-Operative Milk Producers' Federation Limited was constituted on 1st February 1981. Federation is Procuring, Processing and Marketing of Milk and Milk Products. Federation has implemented the Dairy Development activities under Operation Flood Programme with a financial and technical assistance of National Dairy Development Board. Chennai Metro is having 4 Dairies. Milk Procurement, Processing and distribution are being attended by the District Unions in the respective areas. The Dairy Development Programmes are implemented in Tamil Nadu through a network of milk cooperatives organized on 'Anand Pattern' model. The institutional framework has a three tier structure viz., societies at village level, unions at district level and federation of unions at the apex (State) level. The milk procurement by the 17 District Cooperative Milk Producers' Unions (DCMPU) affiliated to the Tamil Nadu Cooperative Milk Producers' Federation (TCMPF) has steadily increased during the Eleventh Five Year Plan period. The main objective of milk cooperatives is to procure milk at a reasonable price and make it available to the consumers throughout the year at nominal cost. Tamil Nadu stood fourth in milk sales through cooperatives. Milk production in Tamil Nadu during 2012-13 was

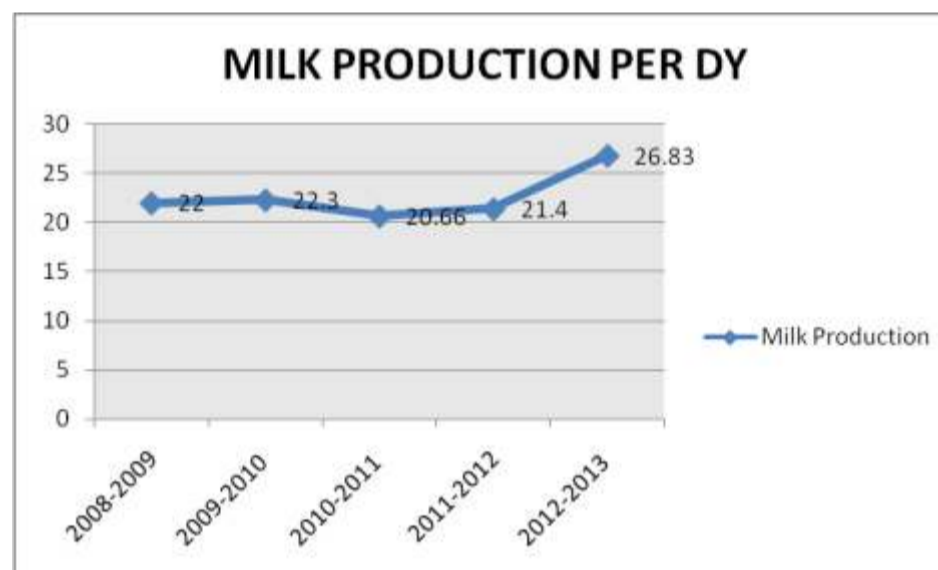
around 68.34 lakh metric tons (L.MT.) While 12 percent of the milk is consumed in the villages by milk producers, 26 percent of milk is handled by the unorganized sector. The remaining 62 percent of milk is handled by the organized sector. The share of cooperatives in the organized sector is 145.88 lakh liters per day. The State was placed between eighth to ninth positions in the country in overall milk production in the last 10 years.

Dairying has brought about socio-economic transformation in Tamil Nadu and is playing a significant role in strengthening rural economy. Majority of milk producers are small farmers, marginal farmers and downtrodden. Dairying has vast potential to generate employment and has helped in alleviating poverty in rural belt. Dairying provides definite and regular income and employment to millions of rural families throughout the year, improving the quality of their life. The milk producers in the Co-operative sector collectively on an average get daily income of (Rs.200 to 1,000 per day) for the milk they supply to the dairy societies which show the importance of this sector in the rural economy. Tamil Nadu is one of the front line states in milk production and stands at number one position in the coverage of more than 50 per cent of revenue villages under Co-operative ambit. There are 9231 functional primary milk societies with 22.83 lakh members. During 2012-13 average milk procurement by Dairy Co-operative was 26.83 lakh liters per day. The level of milk production in past five years figure given below, it's clearly shows that growth of dairy industry in Tamilnadu.

#### Level of milk production

| Year      | Milk Production |
|-----------|-----------------|
| 2008-2009 | 22              |
| 2009-2010 | 22.3            |
| 2010-2011 | 20.66           |
| 2011-2012 | 21.4            |
| 2012-2013 | 26.83           |

(Source: Tamilnadu Aavin, Secondary Data)



#### Milk Procurement

The major quantity of milk is procured from farmers who rear cattle in the villages. From the milk produced by small and marginal farmers, a small quantity is sold locally and the remaining quantity is collected by societies. In some areas, vendors collect milk from the farmers, sell certain quantity and supply the remaining quantity to MPCSC and to others. The large farmers entrust the work to milk man. They milk the cows, collect milk and pay the cost to farmers. The milk is sold to private traders at a higher price. The pricing policy adopted by private traders is to pay `2 per liter above cooperative price and make profit. They procure only to their need and not the entire milk.

The milk thus collected is transported in cans to nearby bulk milk cooling units, where milk is chilled

instantly to a temperature of four degree centigrade and kept in an insulated tank to avoid temperature loss. The raw chilled milk is again transported to district union dairies through insulated road milk tankers and processed. The milk required for local sale is homogenized, standardized, packed in sachets and sold locally. The remaining surplus milk is sent to Chennai Metro for sales. The milk procured over and above the quantity at particular point of time is sent to Feeder Balancing Dairies (FBDs) for conversion into milk products such as Skimmed Milk Powder (SMP) and butter. The shortage of milk in Chennai Metro is met by private at a higher price.

#### **Opportunities of dairy industry**

The dairy cooperatives are keen to meet the growing liquid milk demand in the State and keep the prices under control. The dairy development activities have grown at a faster rate in western region than other regions. The dairy cooperative sector in the State has benefited by Government of India (GOI) schemes such as 'Intensive Dairy Development Programme', 'Strengthening Infrastructure for Quality and Clean Milk Production', 'Assistance to Cooperatives' and 'National Agriculture Development Programme', in the last 10 years. Funds are also availed from the State Government. Tsunami Emergency Assistance Programme and ICDP assisted programmes were also implemented during the Eleventh Five Year Plan period.

In the recent years, private dairy operators play a key role in the dairy sector. They actually take care of the farm level production management to increase the productivity of animal, land, water and labour by scientific and partial mechanisation. The inputs like selection of animal, shelter, fodder, veterinary services, procurement of milk, training to farmers and financial tie ups with banks are provided by the private dairy operators. Also, they extend insurance arrangements followed by prompt and regular payment which have created an increasing trend in the dairy sector. At processing units, the value addition at plants is taken care by advanced technologies.

#### **Milk marketing**

Milk production and trade mainly operate as a cottage industry in the rural areas. A majority of those involved in this activity are women, for whom it provides employment and helps to supplement their family income. Traditionally, dairying and pasturing activities were done to meet the domestic requirement. Urbanization has increased the demand for milk in urban areas and this necessitated procuring, processing and distribution of milk in a scientific manner. Further, to eliminate the middlemen and to protect the interest of the producers in the villages, Milk Producers' Cooperative Societies (MPCS) have been formed. This has assured a remunerative price, market support to the producers and improved the rural economy, besides catering to the needs of the consumers.

#### **PRODUCTION PROBLEMS**

The dairy sector is characterized by small-scale, scattered, and unorganized milk-animal holders, low productivity, inadequate and inappropriate animal feeding and health care, lack of an assured year-round remunerative producer price for milk, inadequate basic infrastructure for provision of production inputs and services, inadequate basic infrastructure for procurement, transportation, processing and marketing of milk; and lack of professional management. Other important characteristics of the dairy sector are the predominance of mixed crop-livestock farms. The fact is most of the milk animals are fed on crop by-products and residues, which have very low opportunity costs. Additionally, the dairy-development policies and programs that are followed, including those relating to foreign trade, are not congenial to the promotion of sustainable and equitable dairy development.

#### **Main problems faced by Dairying Farmers**

Although there is a remarkable improvement of dairy enterprises in recent years, the dairy farmers faced some problems in developing their dairy enterprise. The major constraints hindering the development of dairy sector are:

##### **Low Procurement price per liter:**

The procurement of milk per liter is quite low and farmers undertaking dairy farming have been affected since the cost of feed is increasing and the profitability is taking a severe hit. The procurement price of milk per liter in Tamilnadu needs to be increased.

##### **Low Income**

Most of the farmers have started giving much emphasis to dairy farming next to agriculture as it serves as additional income. Due to rise in price of feeds and maintenance cost. Dairy farmers find it difficult to continue this

dairy business.

#### Shortage of feed

Shortage of green fodder and feed concentrate is the root cause of poor performance of dairy sector in general as the genetic milk production potential of crossbred cow could not be exploited fully in absence of proper nutrition.

#### Lack of Marketing Facilities

Due to lack of marketing facilities and extension services, there is poor perception of the farmers towards commercial dairy enterprise as an alternative to other occupation.

#### Insufficient Veterinary Services

Due to Lack of proper veterinary extension system there is poor perception to the farmers towards dairy enterprise as a viable alternative to crop husbandry.

#### Prevalence of Middleman

Unorganized fragmented market for milk and milk products involved a chain of middleman who reaps the actual benefit depriving the producers from their due share.

#### CONCLUSION

Tamilnadu is the state dominated by dairy produced mainly due to rich agricultural farmers. Dairy production has been significant over the past few years. In Tamilnadu, dairy farmers were faced with rise in cost of production as fodder (Paddy and strew) the price has gone up by cent percent. There has been constant demand by the producers to provide incentives systems. If the price of milk is not raised, there would be undue decrease in production of milk in the coming years. Most of the government projects for the welfare of rural people ward turn if proper system is not formed to address this issue. Milk production issues need to be resolved in serious manner over a period of time so as to meet the rising demand.

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