

Dairy farming in india marketing essay

[Environment](#), [Air](#)



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This Applied Research Project is requirement for the researchers studies in MBA in Community Economic Development Program at Cape Breton University. This ARP is the final assessment and must for the completion of this MBA Program. This Applied Research Project is mainly focused on discussing about effectiveness of co-operative model for dairy farming in Tamil Nadu, India.

About Dairy Farming:

Milk is defined as the lacteal secretion obtained by the complete milking of one or more mammalian animals. Dairy farming is a part of agriculture, practiced to produce milk which is generally from dairy cows, and also from sheep, camel, and goat. Dairy industry is a highly important component of food industry, which buys raw milk refrigerated for farmers to normalize by

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transforming and distributing it (Moran H. , 2005). Usually, the milk is processed in a dairy factory or on the dairy farm itself. From hand milking the cows to machine milking, milk production has developed immensely with latest technologies. Dairy farming has been done all over the world, but most of the countries which produce milk consume internally. New Zealand is one of leading countries which export dairy products, whereas India is the largest milk producing country in the world. Indian dairy sector contributes a major share towards the total gross revenue from livestock sector and holds an enormous potential to bring about rapid economic growth, particularly for the benefit of the weaker sections and the rural poor. Livestock production has been, and will remain for many decades, one of the most important economic and social activities of human culture in developing countries where hundreds of millions of people depend either directly or indirectly on livestock-based activities (Preston and Murugueitio 1992).

Dairy Farming in India

In 2010, dairy industry is the second largest food industry in India in terms of revenue behind meat industry. In 2010, the largest dairy company operating within the country in terms of annual global sales is Nestle with \$ 18. 6 billion revenue. Dairy farmers produce largest staple food in the world i. e. Milk. The quality and safety of milk and its derivatives are directly related to conditions of hygiene and environment. Good hygiene practices help to improve the quality and value of the product and fundamentally determine the success or failure of a dairy farm.

At present, the protection of health and animal welfare are provided by a comprehensive program of udder hygiene and processes in livestock bio-security program. These programs help dairy farmers to:

Optimize milk yield, quality and price of milk

Improve operating profits

Decrease the infection pressure on the dairy herd

Maintain a high level of animal welfare

The function of cooperatives in dairy farming is studied along with the impact of the cooperatives in dairy farming.

Milk production is one of the most important elements of agriculture in India. During the past 5 years, farms in India increased their total production by 86%. The level of milk production in 2011 increased by 5.4 tons and was 136.4 thousand tons (104.1% compared to last year). Average yield in the region is 2,717 kg per cow, which is 272 kg more than previous year. At the same time dairy farming area in contrast to the poultry industry is the sector in which the performance is far from self-sufficient (Ruricola, 2009). Milk production per capita in the region is 200 kg per year.

Dairy farming is growing and modernizing in India. Beginning in 2006, 34 major farms were built in India pursuing new and remodeled milk production of 20.4 thousand with loose housing of cattle and milking parlor. It also included newly constructed 10 dairy complexes with a capacity of 10.8 thousand cows. In addition, the modernization of livestock buildings has

been replacing milking equipment (Berentsen, Kovacs, & Asseldonk, 2012). As a result, compared to the year 2011 level of comprehensive mechanization of dairy farming has increased in the region from 36% to 60%. Technical and technological modernization of the industry continues.

Dairy Farming at International Level and Genomics:

Dairy farming at international level has also been receiving increasing attention. In June 2009, among the first countries in the world, France began publish its first official genomic index for dairy cattle. German dairy sector has decoded and located some of the tens of thousands of genes of an animal and use this information to genetic selection. Today, the genetic value can be estimated directly from a simple blood from the birth of the calf in several countries of the world. This method is very interesting for the strategy selection of each farmer in particular for functional traits and breeding qualities.

Since 2009, seed bulls whose genetic value is obtained from their genotypes are available in catalogs selections have been developed in Eastern Europe. In addition, genomic selection can be much more efficient in selection on functional traits, poorly considered by the selection of offspring by providing breeders specific genetic values for males as for females.

In a classic selection scheme progeny, the cost of evaluating a bull was about 40, 000. Therefore, use in large numbers of seeds per bull led to a sharp increase in the risk of inbreeding level in the French and international dairy herd. Genomics can increase the diversity of available bulls. In

addition, the bulls are replaced by younger much faster pace, which is also favorable to the maintenance of genetic variability.

Literature Review:

The Concept of Dairy Cooperatives

A dairy cooperative is a business owned by milk producers and co-partners who must meet their economic, professional and training needs. A dairy cooperative is a collective enterprise where milk producers have pooled their investments to take control of their business because they are convinced that we can succeed better together than individually.

A dairy cooperative is a business built on solidarity, responsibility, fairness and transparency. The cooperative and their associates reach solidarity as they form a community of people sharing the same project and the same interests. They also share the profits and risks. The cooperative has the mission to promote the best possible milk co-associates, who in turn, are financially responsible for their cooperative. All partners are co-treated with fairness, according to the same rules and with the same rights described in the constitution and bylaws of the cooperative. The Board of Directors of the cooperative is elected by the general meeting of cooperative partners and provides the associated elements for co-decide in open and transparent relationships.

A dairy cooperative is a business that secures its associated producers through an indivisible collective ownership of all its members-cooperators. It does not belong to each individual in proportion to its shareholding. A cooperative dairy farm is an extension of his associates-cooperators. Its

mandatory activities are related to milk his co-partners, collecting the milk, processing it into products and marketing these products. A dairy cooperative aims to maximize the value of its associated activities and therefore co-add the most value to the milk produced on their farms. Like any business, is a dairy cooperative in competitive markets with other companies. It is therefore required to be competitive. A dairy cooperative may be the size of a multinational listed among the world leaders in the sector or the size of a SME-VSE with local or regional activities. She may have a dozen or several thousand-associated cooperators. Cooperative status is neither an advantage nor a handicap to growth and abroad.

Cooperative Principles

The Cooperatives throughout the world function with same core principles.

They are

1) Cooperation among Cooperatives

The Cooperative movement is strengthened by functioning collectively all the way through local, national, international structures to serve their members most effectively.

2) Voluntary and Open Membership

Cooperatives are voluntary groups, where everyone can utilize its services and should be willing to accept membership responsibilities.

3) Autonomy and Independence

Cooperatives are self-governing, autonomous organizations guarded by their members. The cooperatives autonomy is surpassed when a co-op enters into agreement with other groups or raises funds with outside resource.

4) Concern for Community

The Cooperatives work for sustainable growth of communities through procedures and programs acknowledged by members.

5) Education, Training and Information

Cooperatives offer education and training to its members, representatives and employees to successfully contribute the growth of particular cooperatives. Also, the members educate the nature and benefits of these cooperatives to the general public in the community.

6) Members Economic Participation

All the members in the cooperative contribute evenly to democratically manage, the funds in the organization. This creates equality among the members rather than creating unevenness in the cooperative.

7) Democratic Member Control

Cooperatives are independent organizations controlled by their members. They are the ones, who purchase the commodities and utilize the service from the cooperative. Also, these members vigorously contribute in creating policies and making decisions.

Dairy Cooperatives – International Context

Dairy cooperatives collect more than half of the milk in France. Dairy cooperation model is very predominant in other countries that are major producers of milk, such as Germany, New Zealand, the Netherlands and Denmark. In the international context, it represents a specific framework in terms of rights, obligations and governance. A dairy cooperative has made a contract of joint obligations associated with each cooperator. The partner-cooperator agrees to give its milk to the cooperative for a fixed term and renewable. Cooperative undertakes, in return, to collect all the milk which is provided to enhance the milk and the associated pay-cooperator. Only the partner-cooperator has the option to terminate the contract in each case. The cooperative does not have that option, unless serious reasons justifying exclusion. A dairy cooperative is legally binding and is a tax paying entity. In several countries of the world, it lies in the category of partnerships because it is the extension of holdings of its associates. Partnerships are distinct from limited liability companies such as SAS or SA.

A dairy cooperative is a business that must be consistent with the statutes model statutes approved by the Ministry of Agriculture. They must also be approved by the High Council for Agricultural Cooperation. A dairy cooperative is a company whose directors are partners, co-workers, elected by their peers in general meeting. In emerging economies of the world like Thailand, Malaysia and Indonesia, a dairy cooperative is a community of men and women whose activities maintain or develop, direct and indirect, in rural areas:

Employment, trade, social ties, in short the vitality

Farms, cultures, landscapes, biodiversity short

Terroirs, crafts, traditions, milk and cheese, short identities.

Dairy cooperatives have accelerated the concentration in the milk sector in European countries. Two cooperatives West Eurial and Agrial, announced Friday the approximation of their dairy operations by 2014. The new entity, called Eurial, will be the second in France after dairy cooperative Sodiaal and the sixth player in the sector, dominated by private groups. Eurial collect 2 billion liters of milk from producers 5200 members realize a turnover of € 2 billion and employ 3600 employees combined. No redundancies are planned.

This strategic alliance is designed to face the prospect of the end of milk quotas, scheduled for 2015. It encourages the French to find growth opportunities internationally and to prepare such a strong demand from China milk powder. Some major players in the sector are weakened. Sodiaal in trouble on his milk Candia, announced the elimination of 300 jobs, or 20% of the workforce. For the future, the cooperative is associated with the Chinese group Synutra, with whom she has invested in Britain to create a milk drying plant

Problems in Indian Dairy Farming and the Need for Cooperatives:

It is noteworthy that in view of all the disadvantages in smallholders, especially the small-scale. It is important to create a class of family farmers through cooperatives to improve their competitiveness (Ven & Keulen,

2007). This is possible only if the number of dairy cows is more than 30 per each family member. In today's form of family farms operating as cooperatives, productivity can be improved through these measures.

On such farms on average per employee per day is 40-60 liters of marketable milk that goes to implementation. These farms are very sensitive to the rising cost of diesel fuel and electricity. Since, costs of milk production can be brought down by seeking cooperative behavior. Farmers drive their cows to pasture and seek to maintain low cost operations. In winter, these farms produce milk around 300 liters and in the summer production range at 1-8 tons. In Indian dairy farm sector, the production is very low-tech (Singh, 2001). For lack of flash cooling capacity, automation and disinfection winter, farms produce milk of grade I-II.

A small proportion of these farms are equipped with coolers of milk. Most of these farms are already engaged in preparation of feed and have adopted appropriate technique (James, 2010). Majority of these farms employs a lot of manual labor, and the quality of the milk produced is stable and meets class I.

The main problem of Indian farms is low productivity even though farmers on these farms work seven days a week. Farm economy and mortgage framework does not allow for increased production. The fourth type of dairy farms in India is the modern industrial farms. As a rule, these farms are built in the open field (Singh, 2001). The possibility in these farms is of dilution and spoilage of milk. During the last five years, productivity of milkmaids has increased.

During the agrarian crisis in India, a slowdown in the growth of agriculture created a vicious circle of falling productivity of land and livestock, which lowered product quality, increased complexity, formed multiple lag wages and even deteriorated social development of rural regions. Presence of a cooperative in such situations would have helped in arresting the downward spiral. This is evidenced by international experience, because a similar pattern was shown in the 70's and early 80's in the US and in other periods in other countries.

Thus, the agricultural organizations of rural India would help to improve the standard of living in the region. That is a decrease of agricultural labor substitution industry, reduces the level of mechanization of labor. Thus, the translation process is constrained by the industry on an industrial basis.

When dairy farming is organized, savings of total labor costs in dairy farming becomes particularly important due to stabilization and further increases in productivity are not possible without a significant reduction in production costs. The most active and transformative impact on the entire system of factors of productivity in the industry provides scientific and technical progress. In particular, the shift from labor-saving technologies to resource aimed primarily at saving energy and raw materials is important. Thus, cooperatives in Indian dairy farming can help in improving the material and technical base of agriculture, materializing scientific achievements in high-performance means of production, creating new opportunities for forward movement of labor productivity growth and contributing to the emergence of new reserves to reduce the total cost of labor in the production of milk. Thus,

the greatest influence of formation of cooperatives in Indian dairy farming sector can be on the productivity of labor, material interest of workers in the industry, the level of livestock feeding, reproduction, herd concentration of milk production and the introduction of comprehensive mechanization of the main production processes on the farms. Calculations show that if after the formation of cooperative, dairy farms achieve an average level of utilization of productive resources, the labor cost savings would amount to 407. 4 thousand man-hours, or 10. 2% of the labor costs of production.

One of the important organizational and economic factors for increasing productivity is to control production costs. Although in farm planning tools focus on the immediate direct producers. In the establishment of farm market special attention should be given to flexibility in planning and adapting to the changing economic conditions. This requires dairy farm owners to create common technical approaches for the development of standards of production costs on the articles and items for different levels of animal productivity. This allows, firstly, more efficient use of labor and material resources, identification of the available reserves of labor productivity growth, labor used in the optimal level of labor intensity, and to determine scientifically the complexity and cost of production, productivity growth and the need for in the labor force in the industry for the future. The use of modern information technologies in their calculation significantly reduces the amount of computational work carried out; simplify billing system, which ultimately reduces the period of their development.

Economically feasible rations for animals are the basis of effective management. Since the nutritional diet consists of a different set of feeds, one needs to select the best feeding option, that is, one that would meet the biological needs for nutrients and have a minimum cost. Cooperative in Indian dairy farm sector may support in this regard. Regulations on feed consumption of cattle head should be supported at different levels of animal productivity in physical and value terms. Such standards should be developed by the dairy cooperative because it also serves a watch-dog industry.

The main benefit of cooperative dairy farming is consulting and educational services in the field of dairy farming. It is believed that the effective management of production must keep pace with the times. Therefore, all efforts are focused on enterprise development through the use of modern technologies and adapting them to Indian conditions.

Based on collective experience, cooperatives have made the success achieved as a result of those enterprises, specialists who are constantly improving their skills working with animals. Many of cooperatives learn best from their mistakes. But in the dairy business, it may be too expensive. Using the services of professional experts, cooperatives will save both time and money required to achieve farming goals.

Experience working with dairy farms, especially those who are beginning to work on new technologies, shows that very often skilled enough of the knowledge that they already have, for professional work with animals. In operation, there are various issues related to housing, feeding and

reproduction of dairy cows, etc. Sometimes it is better to get an answer to a question in order to understand a specialist in the right direction it is moving.

One of the main problems in the Indian dairy industry is feeding. In particular, the correct calculation of rations on the basis of the farm feed. Cooperative's expert nutritionists can balance rations for the cows, based on the availability of feed and regional characteristics.

Social Experiment:

In a day-to-day basis, farmers are facing several challenges and these challenges can be rectified through applying and following Community Economic Development concepts. I am going to explain my own experience about milk production in my community and how CED concepts guided the farmers in a sustainable position. Milk production is one of the most common farming methods in Tamil Nadu region.

This dairy cooperative is located in a village called Ponnapuram in Pollachi, Tamil Nadu. Few years ago, farmers have to go to private dairy farms or directly to people house to sell their milk products. Through this, farmers were not getting good amount of profit as prices were fixed by those private dairy farms and there was interference of the middleman. Farmers had no other choice in those days than selling for the price fixed by a middleman. Farmers faced a huge challenge to get reasonable profit and also to take care of their animals.

As many other villages in Tamil Nadu, farmers in my community are more dependent on a milk production. Few years ago, one of the community

activists in Ponnapuram who is also a farmer, involved in milk production for more than 20 years gathered all milk producing farmers for a meeting. He discussed about the situation of farmers in the community and motivated them to work towards a common goal, which is the economic development of all farmers and the community. He gave an idea of community owned cooperative, where it operates as a trading center for farmers to sell their milk products. Everyone in the community agreed to this program and they stopped supplying milk to private dairy farms directly. He collected a small amount of money from each farmer which is affordable and formed an office like community owned cooperative. He created certain policies which will benefit the farmers as well as the community are as follows. i) Created membership for all milk producing farmers in the community, ii) Farmers meet once in a month to discuss about the price and they will set an mutually agreed price for the products, iii) Farmers should not sell their products to any other third parties and everything should go through the community cooperative.

This community owned cooperative directly or indirectly follows certain core principles of cooperatives in their group.

Voluntary and Open Membership

This dairy cooperative is open to all members of the community without any discrimination of gender, religion and financial status.

Autonomy and Independence

This dairy cooperative is totally autonomous and members in the community are very much aware of what agreements with other organizations will affect the functions and purpose of this cooperative.

Education, Training and Information

Senior members of the cooperative educate and demonstrate the techniques of dairy farming to the new and young people who involve in dairy farming. Also, Veterinary camps are being held every 3 months to create awareness for maintaining the Cattles.

So now, all the private dairy farms in the community have to come to the cooperative for milk and they can't have any rights in fixing the price for the milk products. Initially, it was difficult for the farmers to make this program successful, but in few months farmers benefited through the cooperative. Cooperative will have a small amount of profit from that milk products which they sell to dairy farms and farmers decided to spend that money for maintenance of cattles.

Ponnapuram Community has nearly 300 families involved in this dairy farming and all those people doing dairy farming are members of this cooperative. For more than 2 years now, this community owned cooperative has been successfully benefiting the farmers and enhancing their living standards through Community Economic Development. This is a great example for every other community and farmers who are facing several challenges in a day-to-day basis.