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Status and functioning of dairy cooperatives in Jorhat district of Assam, India: An economic analysis

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Abstract

The dairy sector is the most critical component of the livestock sector, employing more than eight crore farmers directly, and is the most prominent agrarian product. India is the largest milk producer in the world contributing 24 percent of the global milk production. In Assam total milk production is 982.02 tonnes in 2022. As on date there are 439 primary dairy cooperative societies in Assam. Present study was conducted at Jorhat district of Assam to analyse the functioning of Dairy Cooperatives in the district. It was observed that majority of the Cooperatives are not well organized in Jorhat. Only three cooperatives i) Surobhi, Porbotia, Jorhat ii) Swarnodhenu, Falengichuk, Titabor and iii) Lachit, Lahdoigarh have their own infrastructures like own office or collection room and disposal milk parlours etc. Majority of the raw milk produced by the dairy cooperative societies of Jorhat district is supplied to Milk Union of Jorhat district at a rate of Rs. 45.00 per litre. Average per farm milk production was found to be 60 litres per day with an annual gross income of Rs. 12,85,000.00, annual expenditure of Rs. 8,77,600.00 and average net income of Rs. 73,400.00. The farmers could go for cultivation of high yielding and high nutrient containing fodders and go for silage making to fulfill the requirement during lean period which could not only reduce the farm expenditure but also could be an alternative income source.

Keywords: Status, functioning, dairy cooperatives, economic analysis

Introduction

The dairy sector is the most critical component of the livestock sector, employing more than eight crore farmers directly, and is the most prominent agrarian product. India is the largest milk producer in the world contributing 24 percent of the global milk production. During 2020-21 India's total milk production is 209.96 million tones growing at a compound annual growth rate of about 6.2 percent than that of 146.31 million tonnes in 2014-15. Dairy cooperatives play a significant role in the development of dairy sector in India by organizing the dairy farmers. Bombay Municipal Corporation Milk Supply scheme is the first dairy cooperative in India established by the British Government in November, 1945.

Operation Flood programme has tremendous impact on the dairy sector by expanding and strengthening the dairy cooperatives.

By the end of Phase III (1985-1996) of Operation Flood programme a total of 73000 dairy cooperatives were developed in India.

In Assam total milk production is 982.02 tonnes in 2022. As on date there are 439 primary dairy cooperative societies in Assam. Example of a successful dairy cooperative in Assam is WAMUL (West Assam Milk Producers' Cooperative Union Ltd producing Purabi brand of dairy products registered business over Rs. 200 crore in 2022- 23.

A study was conducted at Jorhat district of Assam to analyse the functioning of Dairy Cooperatives in the district with the following objectives

1. To find out existing status and functioning of dairy cooperatives
2. To find out the problems faced by the cooperatives

Methodology

A list of existing dairy cooperatives was collected from the dairy development department of Jorhat district. Among the existing cooperatives 9 cooperatives were selected randomly for data collection. A questionnaire was prepared and required information were collected through personal interview method.

Findings of the Study

A. Functioning of the dairy cooperatives:

It was observed that majority of the dairy Cooperatives of Jorhat district are not well organized. Only three cooperatives i) Surobhi, Porbotia, Jorhat ii) Swarnodhenu, Falengichuk, Titabor and iii) Lachit, Lahdoigarh have their own infrastructures like own office or collection room and disposal milk parlours etc. Two cooperatives i) Surobhi, Porbotia, Jorhat ii) Swarnodhenu, Falengichuk, Titabor collect shares from members and distribute dividends among the members. Majority of the cooperatives sell raw milks to milk union of Jorhat district @ Rs. 45 per litre. Some cooperatives keep commissions of Rs. 0.25 to Re.1.25 per litre from the selling price of milk. Number of cows own by the members ranges from 2 to 30 nos. mostly of breeds like Jersey, HF, Sahiwal etc. Three cooperatives namely Surobhi DUSS, Rajabhar, Purobi DUSS, Azan Gaon, Jorhat and Krishna, Borholla are not registered under Cooperative department and they do not have bank accounts in the name of the cooperative. Majority of the cooperatives reported problems like irregular supply of milk, heavy competition, low price of milk provided by milk union, unpaid money from the milk union, no government support etc. Majority of the member dairy farmers reported heavy loss from milk production due to low price of milk and high cost of feed.

The functioning of some properly operated dairy cooperatives of Jorhat district of Assam are discussed below.

a) Surobhi DUSS

Surobhi DUSS is located at Porbotia area of Jorhat district established in the year of 2006. The cooperative has 70 shareholders. The members have 5 to 30 number of cows mostly of Jersey, HF, sahiwal, Giretc. breed. The milk yield of majority of the cows is above 15 litres per day. The society is governed by a committee of 15 members consisting of president, secretary and 13 members. The committee take all the major decisions related to functioning of the cooperative. The cooperative run all the daily activities with the help of 3 employees who are also member of the society. The society pay Rs. 30,000 per month to these employees. The society distribute the dividends to members from their profit and perform other developmental activities, donation etc. from their profit.

The average daily collection of raw milk by the society is 1200 litres. Major portion of the collected raw milk of the cooperative (80%) is disposed of through vendors or commission agents @ Rs. 49.00 per litre. These commission agents are members of the society. These vendors cum retailers sell raw milks by moving door to door. These members cum commission agents utilize their own transport vehicles like TATA ACE, Ape, bike etc. for marketing of raw milks and milk products. The society have 5 numbers of Ape, 2 numbers of Tata ACE, 6 bikes, one car for door-to-door sale of milk which are owned by these vendors. The rest 20 percent of collected milk is sold to hotels @ Rs. 53.00 per litre. The society also prepared curd as per demand during different seasons. The members of the society could obtain milk directly at a discounted rate of Rs. 47.00 per litre for home consumption.

Problems reported by the cooperative

1. Irregular supply of milk throughout the year by the members

2. Lack of own processing facilities.
3. Heavy market competition.

b) Swarnadhenu DUSS

This society was registered during 2007, located at Falengichuk area of Titabor. At present society has 25 members of dairy farmers. The society has a management committee consisting of 13 members for taking necessary decisions. The average daily collection of milk is 350 litres only. Out of the total collection the society sells 50 percent of total on retail @ Rs. 60.00 per litre through 2 outlets (Milk parlour) and one moving rickshaw for door-to-door sale and the rest 50 percent is sold to milk union @ Rs. 45.00 per litre. The society also prepares curd on order that is not regular. The society engaged two salesmen in the milk parlour who are paid @ Rs. 6,000.00 per month and the owner of rick show for door-to-door sale is paid @ Rs. 8,000.00 per month. Another person engaged for collection of milk at the office is paid @ Rs. 5,000.00 per month. Thus, the society has monthly expenses of Rs. 25,000.00. The members of the society earn the profit as dividends on yearly basis.

Main constraints

1. Irregular supply of milk by the members.
2. Low price of milk provided by milk union
3. The society do not have own processing facility.
4. Heavy competition among cooperatives.
5. Local demand for milk is low

c) Lakhimi DUSS, Borholla

The dairy cooperative is located at Borholla and was registered during 2011. At present the society has only 18-member dairy farmers. The society has a secretary and a president for governing the official works among the members. The average daily collection of milk is 100 litres. The society sell 50 percent of total collection on retail @ Rs. 60.00 per litre, 25 percent in hotels @ Rs. 55.00 per litre and the rest 25 percent is sold to milk union. The society has 2 nos. of employees @ Rs. 3000.00 and Rs. 2500.00 per month for distribution of milk and other official works. The society is running at a rented office spending Rs. 2000.00 per month for the purpose. Therefore, the monthly expenditure of the society includes salary, rent and travelling expenses. At present the society has a bank deposit of Rs. 5000.00 only.

Major problems reported by the society

1. No own Infrastructure for shop.
2. No own storage facility for feed etc.
3. Low price for milk provided by milk union.
4. Irregular supply of milk by the members.
5. No govt. support
6. Unpaid amount from milk union.

d) Lachit DUSS, Lahdoigarh

Lachit DUSS is located at Lahdoigarh was registered during 2007. At present Lachit DUSS have 10 number of members. All the members sell their produced milk and milk products on their own. They do not collect the milk on cooperative basis. The members go for door-to-door sell (50 percent of total milk production) @ Rs. 60.00 per litre. The dairy farmers also sell raw milk at neighboring hotels (50 percent of the total) @ Rs. 55.00 per litre. Thus, the society is not running as per the norms.

Main problems

1. Members are reluctant to sell at cooperative basis due to nonpayment of previous money.
2. Reducing number of member day by day due to loss incurred in dairy farming.
3. No collection vehicle is sent by the milk union due to less milk.

Milk Union of Jorhat district

Majority of the raw milk produced by the dairy cooperative societies of Jorhat district is supplied to Milk Union of Jorhat district at a rate of Rs. 45.00 per litre. It is a federation of 52 dairy cooperative societies of Jorhat district. The committee of milk union is comprised of 9 members from 9 societies. The union have 16 employees at a salary of Rs.8000.00 per month per person, and one manager at a salary of Rs. 16,000.00 per month. Union disposes raw milk on retail through 7 outlets. Daily collection of the union is about 1800 to 1900 litres. The union also process milk and sell as poneer, curd, pera etc. at the processing centre of Golaghat district located at Bokakhat. Out of the total collection, 25percent is processed as curd, poneer, pera, cream etc. and the rest 75 percent is sold as raw in retail. The union also shares profits to the dairy cooperative societies @ Rs. 0.45 per litre of milk. The milk union send own vehicles to various parts of the district for collection of milk from the dairy cooperative

societies.

Problems of Milk Union

1. No own processing facility
2. Irregular supply from cooperative societies.
3. Market competition

B. Status of the members of the dairy cooperatives

The members of the dairy cooperatives were also interviewed individually to find out their problems and status of production of milk in individual farms.

The main problems reported by the dairy farmers who are the member of the dairy cooperatives are as follows:

1. High cost of feed
2. Comparatively lower price of milk than the production cost
3. No subsidized material obtained from government in terms of feed, medicines etc.
4. High audit expenditure (hidden cost).
5. Improper collection of milk and irregular payment by milk union.
6. Non-availability of insurance facility for the cows.
7. No support obtained from Govt.
8. Lack of cold storage facility.
9. Lack of processing unit.
10. Difficulty in rearing and selling of male calves.

Table 1: Details of the dairy cooperatives

Sl. No	Name	Address	Year of establishment	No. of members	Daily sale and method of sale	Own infrastructure	Bank deposit	Loan facility availed
1	Surobhi DUSS	Rajabahar, Borhola	2016-17	8	120 litres Sold to milk Union	Not available	Nil (No account in the name of cooperative)	NIL
2	Swarnadhenu DUSS Share collection Rs 1000 per member	Falengichuk, Titabor	2007	25	350 litres 50 percent is sold through 2 milk parlours and on travelling rickshaw, 50% is Sold to milk Union	Available collection centre (Built under RKVY scheme)	Rs. 25,000	22 no. of members Obtained in 2018 @ Rs. 100000
3	Surobhi DUSS Share collection Rs. 500 per member	Porbotia, Jorhat	2006	70	1200litres 80% Door to door sale by commission agents, 20% sold to hotels	Available (office, storage), own vehicle for sale	Rs. 50,000	Loan obtained.
4	PurobiDUSS	Azangaon	2018	30	400 litres Sold to milk Union	Not available	No registration no account	NIL
5	Lakhimi DUSS	Borholla	2011	18	100 litres Sold to milk union and hotels	Not available	Rs. 5,000	Obtained
6	Amrit DUSS	Borholla	2013	17	300 litres sell to milk Union and hotels	Not available	Rs. 30,000	Obtained in 2012
7	Krishna DUSS	Borholla Tiniali	2017	6	50 litres sell to milk Union and hotels	Not available	NIL	NIL
8	Brindavan DUSS	Borkochari	2017	5	80litres. Sold to milk Union	Not available	Rs. 5000	Obtained
9	Lachit DUSS	Babejiagaon, Lahdoigarh	2008	10	200l itres. 50% of total produce is sold to hotels and the rest 50% is retail sell	Available	NIL	Obtained

C. Economic analysis of dairy farms under the cooperative societies

It was observed that average total annual expenditure of a farm of 10 cows (6 milch cows, 4 heifers, 6 male calves) was

Rs.8,77,600.00 out of which maximum share (39.38 percent) was spent for procuring rice bran, followed by procurement of concentrate feed (28.71 percent), procurement of supplements like calcium and minerals etc. (16.41 percent).

Table 2: Average Annual Expenditure and income from milk production for a farm of 10 cows (6 milch cows, 4 heifers, 6 male calves) under dairy cooperatives

Sl. No.	Particulars	Expenditure (Rs./yr)	Percentage of Total cost
1	Labour	96000	10.94
2	Concentrate feed	252000	28.71
3	Rice bran	345600	39.38
4	Paddy straw	30000	3.42
5	Calcium and mineral	144000	16.41
6	Medicine and Doctor fees	10000	1.14
7	Total Annual expenditure	8,77,600	100

Table 3: Average Annual income from milk production for a farm of 10 cows (6 milch cows, 4 heifers, 6 male calves) under dairy cooperatives

Sl. No.	Particulars	Average Value
1	Annual Milk production (@ 60 litres per day)	21,600 litres
2	Price of milk	Rs. 50 per litre
4	Average annual income from milk	Rs. 10,80,000
5	Average annual Income from sale of heifers and male calves	Rs. 2,00,000
6	Average annual income from Sale of Cowdung	Rs. 5,000
7	Total Average annual Gross Income	Rs. 12,85,000
8	Average annual Net Income	Rs.73,400

Average per farm milk production was found to be 60 litres per day with an annual gross income of Rs. 12,85,000.00 and average net income of Rs.73,400.00.

Suggestions for better functioning of cooperatives and increasing profit of milk producers

1. The dairy farmers should focus on producing low-cost feed materials like silage to replace high cost concentrates.
2. The cooperatives can produce feed material and can supply to the members at low cost and can also sell excess quantity in the market for earning profit.
3. The cooperatives or the dairy farmers can earn extra income by producing vermin-compost or enriched vermin-compost.
4. Reviving insurance facility for the dairy cows.
5. Establishment of Cold storage facility
6. Establishment of processing unit of milk

Summary

The dairy cooperatives are facing problems like, lack of own processing facility, irregular supply of milk from the members, reducing number of members day by day comparatively lower price obtained from Milk union than the production cost etc. Majority of the cooperative member farmers reported that they are incurring heavy losses due to low price of milk and high cost of feed material because of which they are selling out their dairy cows. It was observed that farmers could enhance profit from their existing farm with proper planning and proper guidance from technical persons from veterinary department, KVK and Scientists from University etc. The farmers could go for cultivation of high yielding and high nutrient containing fodders like hybrid napier, Cogno signal, Seteria etc. and go for silage making to fulfill the requirement during lean period. Moreover, they can also go for vermicompost production which can give input for farming as well as extra income. Thus, fodder and silage production could not only reduce the farm expenditure but also could be an alternative income source.

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