

CHAPTER - VIII

PROBLEMS OF DAIRY FARMERS

The economic impacts of dairy co-operatives on the dairy farmers of the district were analysed in the last chapter. The important problems of dairy farmers, both in the society and non-society areas are analysed in this chapter. This is expected to give some idea about the obstacles to profitable dairying in the district and the measures to be taken for solving the problems. The important problems are discussed below.

8.1.1 Inadequate Availability of Quality Inputs

Availability of quality input is a pre-condition for smooth production both in industry and agriculture. Dairy farming requires high yielding varieties of bovines, green and dry fodder, compounded cattle feed, veterinary facilities and so on.

8.1.2 Shortage of High Yielding Varieties of Bovines

The availability of high yielding varieties of bovines in the district is extremely limited.¹ Therefore, a large number of farmers depend on Tamil Nadu for buying high yielding varieties

1. The effective supply of high yielding varieties of bovines is seemed to be limited because farmers are ready to sell only the low yielding varieties.

of bovines. While cross-bred cows cost between Rs.1000 and Rs.1250 per litre in Kerala, in Tamil Nadu it costs between Rs.600 and Rs.1000 per litre only. Though it is comparatively cheaper in Tamil Nadu their quality is often not assured. Consequently a large number of farmers in the district are cheated by brokers of Tamil Nadu.

It is paradoxical to note that the Government which is responsible for popularising high yielding varieties of bovines in the state sell only unhealthy, low yielding and old bovines from its dairy farms. Farmers buy such bovines in auction because they are comparatively cheaper.

There are many reasons for the lower availability and higher demand for high yielding varieties of bovines in the district. Firstly, as dairy farming is wide spread, newly born high yielding varieties of bovines are absorbed by the farmers themselves. Farmers substitute the old, weak and low yielding varieties by the new ones. Secondly, with the development of dairy co-operatives more and more people are coming to the field of dairying. This also results in higher demand for high yielding milch animals. Thirdly, with the development of commercialised dairying, farmers are eager to substitute their low yielding bovines by high yielding bovines leading to higher demand for the latter. Lastly, dairy loan given under Integrated Rural Development Programme results in

increasing demand for high yielding varieties of bovines. Farmers are of the view that IRDP dairy loan is one of the important reasons for higher demand for high yielding varieties of bovines and consequent increase in their prices.

For solving the problem of limited availability and higher price of high yielding varieties of bovines, Government should start supply of high yielding bovines from its own farms at reasonable prices and if possible, at subsidised rates. For ensuring its even availability throughout the state one such farm should be established in each district.

8.1.3 Shortage of Green and Dry fodder

Though Idukki district is blessed with a generally abundant supply of green fodder, its supply is insufficient during summer season. During such periods farmers have to depend on paddy straw which is purchased mainly from Tamil Nadu and other districts of the state for feeding the bovines. By giving further inducement to the cultivation of green fodder, silage and ureanisation programmes, the problem can be solved to a large extent. Farmers should be made familiar with scientific fodder cultivation and fodder conservation. Dairy co-operatives should come forward to cultivate green fodder and make it available to farmers at reasonable rates.

8.1.4 Deficiency of Quality Cattle Feed

The real problem in the case of concentrates and compounded cattle feed is not their general scarcity but the scarcity of quality feed. As the quality of feed directly affects the yield of the bovine, it should be superior in quality. But majority of the feeds are of substandard quality. It is interesting to note that though there are a large number of companies producing compounded cattle feed in the state, only two of them produce cattle feed with 'ISI' mark. Even though two companies produce feed with 'ISI' mark, it is not generally sold in Kerala and their price is higher by about 35 percent. This means that the bulk of the cattle feed sold in Kerala is of sub-standard quality.

For solving the problem of deficiency of quality feed, Government should encourage MILMA to produce sufficient quantity of quality feed and make it available to the farmers through dairy co-operatives and other agencies at reasonable prices. Along with this, private agencies should be encouraged to produce quality feed. For this all the ingredients of the feed should be made available to them at reasonable rates and standard quality should be insisted on them. Cattle feed should be exempted from all kinds of taxes to keep its price as low as possible. A significant percentage of investment in animal husbandry and dairying should be spent for the provision of quality feed at reasonable rates. Further, cattle feed should be made available in 10 kg bags, because majority of the small farmers find it easy to buy

smaller packets than 50 kg bags which cost around Rs.200 per bag. Transport cost also can be saved by farmers if 10 kg bags are made available.

8.1.5 Inadequate Veterinary Facilities

Availability of cheap and expert veterinary facilities within the easy reach of the farmers is highly essential for the success of dairy farming. But veterinary facilities in the district in general and Devicolam taluk in particular were found to be insufficient. It is interesting to note that though there are 1882 institutions under Animal Husbandry Department in Kerala, there are only 67 such institutions in Idukki district.

Though Ernakulam Regional Co-operative Milk Producer's Union promises free veterinary services through dairy co-operatives to its members, its service is neither efficient nor sufficient. Though it envisages weekly veterinary route through all the dairy co-operatives, offering free veterinary service, the scheme is found to be a failure because of lack of sufficient veterinary doctors. The emergency veterinary service offered by the Union is also inefficient. Because of the lack of veterinary doctors, emergency service is often not received in time. There were several cases where doctors came only two or three days after the report of a case or even after the death of the diseased animal.

Difference in the language and modes of communication between veterinary doctors and dairy farmers is another problem which the farmers face. A large number of farmers complain that doctors coming home or to the dairy co-operative society for veterinary treatment are unable to understand the local language. They are often from Tamil Nadu, Andhra Pradesh or Karnataka. Very often they do not know the language of the farmers. This creates a communication gap between veterinary doctors and the farmers.

Lack of sufficient veterinary facilities is more severe in the non-society area. Dairy farmers of Kanthalloor and Keezhanthoor villages have to travel about 20 kms to reach the nearest veterinary dispensary which is at Marayoor. This shows that for bringing the bovine to the dispensary, farmers have to walk about 40 kms. This results in the spending of at least one day's effort of two persons.

Considering the special features of the district, viz., widespread dairying, hilly nature of the district, lack of transport facilities, large size of the panchayats and villages, veterinary facility centres are to be provided at least one in each panchayat. It is to be particularly noted that because of the above features of the district, lack of veterinary centres in each panchayat is more severely felt in this district than in others. Special incentives should be given to veterinary doctors to work in the under-developed, hilly areas of the district.

The veterinary route of the Union should be made more efficient and regular. It has been found in the study that veterinary services of the Union were of great help to the members of dairy co-operatives earlier. But of late, it was reported inactive and irregular. Similarly, more and more doctors who can communicate in the local language have to be appointed to avoid communication gap with the farmers.

8.2 Increasing Price of Inputs

Rising price of inputs in dairy farming is another problem confronting dairy farmers. Prices of milch animals, concentrates, dry fodder and compounded cattle feed are increasing at a faster rate than the increase in the price of milk, especially since the eighties. This makes dairy farming with purchased feeds less profitable. Table 8.1 giving the trends in indices of input and output prices relating to milk makes it clear.

	(2)	(3)	(4)	(5)
1988-89	245	256	264	252
1990-91	281	294	326	318
1992-93	390	398	418	404

MEPI - Milk Procurement Price Index

PIIC - Price Index of Concentrates

(contd.....)

Table 8.1Trends in the Indices of Input and Output PricesRelating to Milk

(Base year 1976-77 = 100)

Year	MPPI [@]	PIC	DFPI	CFPI
(1)	(2)	(3)	(4)	(5)
1976-77	100	100	100	100
1978-79	113	103	114	110
1980-81	113	115	121	118
1982-83	113	170	148	161
1984-85	184	244	167	206
1986-87	198	252	227	231
1988-89	245	256	264	252
1990-91	281	294	326	318
1992-93	390	398	418	404

MPPI - Milk Procurement Price Index

PIC - Price Index of Concentrates

(contd.....)

DFPI - Dry Fodder Price Index

CFPI - Cattle Feed Price Index

@ : The milk procurement price used in computing MPPI is the price of the milk with 3 percent fat and 8.5 percent SNF as given by the KCMMF

Sources : (1) Animal Husbandry Statistics, Various Years, Department of Animal Husbandry, Thiruvananthapuram.

(2) Statistics for Planning, Various Years, Department of Economics and Statistics, Thiruvananthapuram.

Table 8.1 shows that from the beginning of 1980's onwards input prices began to increase at a faster rate compared to output prices. That is, while milk procurement price index increased from 113 in 1980-81 to 390 in 1992-93, cattle feed price index increased from 118 to 404 during the same period.

The prices of milch animals, materials of cow-shed and veterinary services also have increased considerably. While price of milch animals was about Rs.500 per litre during 1988, it increased to about Rs.1000 per litre in 1993. Similarly, the construction cost of a permanent cattle shed increased from about Rs.6000 to about Rs.10,000

during the same period.

For solving this problem, Government should offer dairy inputs at reasonable rates. Similarly, cattle feed also should be supplied to farmers through dairy co-operatives at fair prices.

8.3 Insufficient Price of Milk

Insufficient price of milk is the most serious problem faced by dairy farmers belonging to both society and non-society areas. There exists considerable price variations not only between the two areas but also between various milk selling channels. As seen in chapter V, while the average price received by members of dairy co-operatives is Rs.6.80 per litre, it is only Rs.4.39 in the case of farmers in the non-society area. While the members of dairy co-operatives get Rs.7.28 per litre from direct sales to consumers, it is Rs.6.72 from dairy co-operatives and Rs.6.59 from local vendors. On the other hand, farmers in the non-society area get only Rs.4.76 per litre from direct sales to consumers and Rs.3.89 from local vendors.

It is important to note that though dairy co-operatives are supposed to pay the highest possible price to milk supplied by the members, they give comparatively lower price. The prices given by neighbouring consumers and tea-shops are higher by 56 paise and 34 paise respectively. It can be seen that the price margin of KCMMF,

that is, the difference between procurement and selling price shows an increasing trend. This is given in table 8.2

Table 8.2

Trends in Price-Margin of K C M M F

Year	Price margin
(1)	(2)
1990 -91	1.86
1991-92	2.05
1992-93	2.34
1993-94	2.48

Sources: (1) Economic Review, 1993, Government of Kerala, State Planning Board, Thiruvananthapuram.

(2) Kerala Co-operative Milk Marketing Federation, Thiruvananthapuram.

From table 8.2, it can be seen that profit margin of dairy co-operatives goes on increasing year by year. It was only Rs.1.86 per litre in 1990-91 which increased to Rs.2.05 in 1991-92, to Rs.2.34 in 1992-93 and reached Rs.2.48 in 1993-94. This shows that price margin increased by about 33 percent during the last four years. If dairy co-operatives were able to keep the price margin only at 1990-91 level, the farmers would have been able

to get Rs.7.14 per litre which would be more satisfactory to the farmers.

In addition to the above price margin, KCMMF gets a net average profit of about Re.1 per litre in the process of taking the extra fat and adding the required SNF to the procured milk.² Thus the price margin³ together with fat value extracted constitutes a total price margin of Rs.3.48 per litre. It is surprising to note that while KCMMF gives an average price of Rs.6.52 per litre for standard milk, it gets a total price margin of Rs.3.48 per litre which constitutes 53.37 percent of the procurement price.

It has been found in the study that 97.2 percent of the farmers belonging to dairy co-operatives were not satisfied with the present price paid by dairy co-operatives. They expect a minimum price of Rs.7.60 per litre for cow's milk. On the other hand, farmers get only an average price of Rs.6.66 per litre. This shows that they get 94 paise less than the expected minimum price. From the above analysis, it can be seen that even if KCMMF pays Rs.7.60 per litre it can still get a price margin of Rs.2.40 per litre constituting 31.6 percent of the procurement price.

2. The milk procured by KCMMF contains an average level of 4.1 percent fat and 8.2 percent SNF. As toned milk must contain 3 percent fat and 8.5 percent SNF, KCMMF extracts the extra fat and adds the required SNF.

3. It is the difference between procurement price and selling price.

For solving the problem of low price received by dairy farmers, pricing of milk should be made based on its actual cost of production. Regular cost-study should be made by the Government and on that basis price should be revised yearly. While fixing the price, it should be remunerative to farmers on the one hand and should be within the reach of ordinary consumers on the other. As the present selling price of milk in Kerala is one of the highest in India, efforts should be concentrated on increasing the operational efficiency from procurement to final sales, there by to reduce the price margin of KCMMF. By lowering the profit margin, higher price can be given to farmers. As pointed out in chapter six, farmers should be paid atleast Rs.7.10 per litre for making dairying remunerative. Even after providing Rs.7.10 per litre, KCMMF can get an average price margin of Rs.2.90 per litre constituting 40.85 percent of the recommended procurement price.

The condition of farmers in the non-society area is even worse. They get extremely low price which constitutes only about 60 percent of the price received by members of dairy co-operatives. Along with this they face crucial problems of lack of stable market and irregular payment of price. For helping the dairy farmers belonging to the non-society area, dairy co-operatives are to be established there immediately. This would, no doubt, create a new impetus to dairy farming, raise milk production, milk price, dairy income and standard of living.

8.4 Paucity of Funds

Paucity of funds is another serious problem faced by the dairy farmers in the district. They face acute shortage of funds for purchasing more bovines, buying sufficient quantity of cattle feed, constructing permanent cattle sheds and for meeting expenses during dry period. It has been found in the study that about 69 percent of farmers face paucity of funds for purchasing more bovines while about 57 percent of farmers face financial difficulty to meet expenses during the dry period. Similarly, they need funds for improving the cow-sheds of which about 60 percent are temporary sheds, and very inconvenient.

Dairying being the most important source of regular income to the majority of small farmers, more than one milch animal is required to ensure regular and higher income throughout the year. But about 89 percent of the farmers have only one milch animal at a time. Eventhough majority of the farmers are willing to keep more milch animals, paucity of funds prevents them from doing so. Dairy farming with more than one milch animal is economically profitable because as the number of milch animals increases it does not need much additional time for grazing, feeding, cleaning and marketing. If sufficient funds were available to the farmers at low rate, they could have been able to purchase more milch animals and thereby to increase their dairy income.

The problem of paucity of funds to survive during dry period is also serious among the dairy farmers. Lactation period is

followed by an average dry period of about 2 to 6 months. Agricultural income being highly seasonal, farmers find it very difficult to survive during this dry period. While dairy income during dry period is zero, they have to spend an average amount of Rs.9.54 for cross-breds, Rs.2.63 for local cows and Rs.13.21 for buffaloes per day for feeding. Along with this expense they have to meet their family expense too during this period. All these lead the farmers into a vicious circle in which poor feeding during dry period leads to low yield during lactation period, and the latter leads to low income which in turn leads to low saving and poor feeding especially during the dry period.

Financial difficulty to purchase sufficient quantity of cattle feed is more severe among non-members of dairy co-operatives. This is because of low price of milk, irregular payment of price and absence of credit facilities. On the other hand, members of dairy co-operatives get comparatively higher price and majority of the dairy co-operatives provide cattle feed on credit basis to be repaid from the milk price. But farmers having no milk to supply cannot get feed on credit basis to feed the dry animals.

Inconvenient nature of cow-shed resulting from lack of finance is also a crucial problem confronting dairy farmers. Though the problem exists among members and non-members, it is more severe among non-members. It is^a generally accepted fact that neat cow-shed is highly essential not only for better health of bovines but

also for higher yield. But a large number of cattle sheds are of irritating nature leading to cattle disease and poor yield. Poor farmers are compelled to keep their bovines in sub-standard sheds because a standard permanent shed would cost at least about Rs.10,000.

It has been found in the study that 83.2 percent of farmers have financial liability of an average amount of Rs.7986 per family. About 32 percent of farmers had taken 'blade' loans⁴ for a total amount of Rs.68800 with interest rate of about 60 percent per year. Because of their higher financial liability, higher rate of arrears and poor economic status, it is very difficult for these farmers to get sufficient loans from the organised sector. So in times of emergency they depend on money lenders or sell their bovines leading to more critical economic position.

For solving the problem of paucity of funds, sufficient credit facilities are to be provided to dairy farmers at low interest rate. As banking facilities are generally low in the district, sufficient credit facilities are to be provided through dairy co-operatives. This would be advantageous in two ways. Firstly, when sufficient credit facilities are available through dairy co-operatives, more and more farmers would be attracted to dairy co-operatives.

4. 'Blade' loans are loans taken from unorganised money lenders at very high interest rates.

Secondly, when loans are provided through dairy co-operatives, reimbursement of loan would be easy as the amounts can be recouped by co-operatives by deducting from the milk price. Provision for adequate loan facilities would enable the farmers to purchase more milch animals, provide sufficient cattle feed, construct better cowsheds, all these ultimately leading to an increase in their income and standard of living.

8.5 Declaration of 'Off' Days and Price Reduction during Flush Season

Milk production is characterised by fluctuations according to season changes. It will be high during flush season⁵ and low during lean season.⁶ Flush season occurs during rainy months when green grass is abundant and climate is cool. On the other hand lean season occurs during the summer months when green grass is scarce and climate is hot.

It is customary that the KCMMF declares 'off' once in a week or once in a fortnight or now and then during the flush seasons. This is because of excess supply of milk, lack of facilities in the chilling plants and dairies and absence of facilities for converting excess milk into milk powder. When 'off' is declared, milk is not procured on that day from the farmers. As immediate market for

5. Flush season is during the monsoon.

6. Lean season is during the summer.

milk cannot be found, this causes much loss to the farmers. This is really a waste especially to large dairy farmers because it is not possible to consume the whole milk amounting up to about 60 litres per day. The extra milk cannot be given to calves too because milk beyond a level would create serious digestive troubles to calves. If milk is not procured for one day it would lead to a loss of about Rs.5 lakhs to the dairy farmers in the district.

Yet another related problem faced by dairy farmers is the compulsory reduction in procurement price of milk during flush season. Comparatively lower fat and SNF value together with compulsory price reduction during the flush season greatly affects the dairy farmers. This results in a situation of more production and low income. It is surprising to note that even though KCMMF reduces procurement price during flush season there is no cut in the selling price of milk during the flush season. This means that the price margin of KCMMF is still higher during the flush season. Even at low price farmers sell milk to dairy co-operatives because of lack of alternative marketing facilities especially during the flush season.

For solving the problems of declaration of 'off' and compulsory price reduction during flush season, the following steps are to be taken. Firstly, milk consumption should be encouraged and common man should be made aware of the need for consuming sufficient quantity of milk as it is the only 'complete food' available

in nature. Secondly, the capacities of the chilling plants and dairies should be increased so as to absorb the excess supply during the flush season. Thirdly, milk powder plants with sufficient capacity are to be established for converting the excess supply of milk during the flush season. Fourthly, production and consumption of milk products are to be encouraged. Lastly, stable price should be given to milk producers through out the year irrespective of season changes.

8.6 Irregular Payment of Price

Irregular payment of price is another problem confronting the dairy farmers. This problem is more severe among farmers in the non-society area than among farmers in the society area. While members of dairy co-operatives get 83.90 percent of milk price regularly, the corresponding figure is only 23.13 percent in the non-society area. As payment is highly irregular, especially for non-members, they cannot depend on dairying as a regular and stable source of income.

8.7 Organisational Problems

There has been a complaint by many of the dairy co-operatives that payment of milk price to them by KCMMF (ERCMPU) has often been irregular and used to keep at least 15 days' milk price varying from Rs.8,000 to Rs.175,000 with it at all times. Majority of the societies make regular payment from its own reserve fund, but societies having low reserve funds find it very difficult to make

regular payment to farmers. In addition to the above, ERCMPU has withheld 10 days' milk price of Anand pattern dairy co-operatives for taking additional shares in the Union without their prior information. The amount so withheld varies from about Rs.5000 to Rs.75000 per society. All these make it very difficult for many of the primary dairy co-operatives to give regular payment to its members.

For solving the problem KCMMF and ERCKPU should take initiative. All the activities of KCMMF relating to procurement, processing and marketing of milk should be made more efficient and scientific. With modern transport, communication and computer facilities, every effort should be made to make correct weekly payment to primary dairy co-operatives. Primary dairy co-operatives should not be allowed to spend money from its reserve fund for activities like purchase of land, construction of buildings, etc., without keeping sufficient reserve fund for making at least one week's payment to the members.

8.7 Organisational Problems

Members of dairy co-operatives face certain organisational problems from the society itself such as rude behavior of employees of societies, improper measurement and wrong testing of quality of milk. It has been found in the survey that employees of certain societies behave in an impolite manner, especially

when farmers complain of the measurement and testing of quality. Eventhen, because of lack of other marketing facilities, they suffer and supply milk to the society.

The problem of improper measurement of milk is seriously felt by the majority of the farmers in a few societies. Milk collectors of these societies measure milk taking too much excess. They keep the measuring litre with a slight bend so that when milk is poured into it some milk automatically overflows to the dish. Even if they keep the measuring litre straight, some milk collectors are not satisfied without pouring so much milk that some milk spills over to the dish. Milk less than 100 ML is not at all measured. Farmers lose at least 200 ML milk per day because of improper measurement leading to a loss of about Rs.40 per month. It is generally found that this problem exists in comparatively larger societies with higher quantity of milk collection. Farmers are of the view that employees of such a society with about 200 milk suppliers get at least 40 litres of milk per day from excess measurement and earn at least Rs.300 per day by selling it in the local market without entering the same in their account.⁷

Unscientific quality measurement is also a severe problem faced by the members of most of the dairy co-operatives. As the

7. It was found that some society employees prepare tea by using a small part of excess milk and some even take milk to their home for domestic consumption without proper accounting.

price of milk is determined by the fat and SNF contents, it should be tested carefully. But about 42 percent of farmers complain that their milk is not tested properly by the societies and that they deliberately reduce their fat and SNF values. It is interesting to note one farmer's complaint. He reported that for about one month the fat value of his cow's milk was 3.5. Mean while with the delivery of one buffalo he began to add its milk along with cow's milk. Even after this, the fat value reportedly remained at 3.5. When he complained of this, the society raised the fat value to about 6 from next day onwards. Another interesting incident is that one society gave only a flat value of Rs.4.25 per litre for milk with fat value less than three percent. The researcher took samples from three of such farmers and tested it in another society and found that two of the samples were of average quality deserving about Rs.6 per litre. This itself shows that their testing is not satisfactory. Some farmers revealed that if they complain of measurement and testing, the result would be worse than the previous situation. It has been found in the survey that 42.4 percent of farmers have complaints either of measurement or of testing or both.

For solving the above problems the following measures are to be adopted. Firstly, instead of measurement in litres, milk should be weighed. Introduction of weighing would be time-saving and under this system the chances of excess weight taking would be less.

Secondly, milk should be tested in the presence of farmers so as to enable them to see their test value. Similarly, the temperature of the milk also should be tested for adjusting the correct fat and SNF value, because for getting correct result the temperature should be kept at 29°C. It has been found that in one society testing is done in the presence of farmers and so all are satisfied with their test values. Thirdly, complaint books or boxes are to be put in all the societies and dairy department should check the complaints at least once in a month. Lastly, lightning visits and check-up should be done by the authorities in all the societies.

8.8 Problems of Dairy Farmers: A Rating Scale Analysis

For studying the relative severity of various problems of members of dairy co-operatives, a three point scale analysis was made. The farmers were asked to reveal the intensity of their problems as 'very severe', 'severe' or 'not severe'. The responses of farmers were noted and a weightage of 'two', 'one' and 'zero' given to each category for finding out the aggregate score in the rating scale analysis. The results of the analysis are given in table 8.3

Inadequate veterinary facilities	22	51	177	25
Long distance to the society	19	36	195	26
Irregular payment of price	15	31	204	27
Inadequate demand for milk	7	41	202	27

Source: Sample Survey.

Table 8.3Problems of Dairy Farmers - A Rating Scale Analysis

Sl. No.	Problems	Very severe	Severe	Not severe	Total scores	Rank
		(2)	(1)	(0)		
		No. of farmers				
(1)	(2)	(3)	(4)	(5)	(6)	(7)
a)	Insufficient price of milk	139	76	35	354	1
b)	Paucity of funds for purchasing more bovines	104	69	77	277	2
c)	Higher price of cattle feed	92	77	81	261	3
d)	Financial difficulty to survive during dry period	63	81	106	207	4
e)	Inadequate grazing land	61	84	105	206	5
f)	Inadequate credit facilities	52	59	139	163	6
g)	Inadequate green/ dry fodder	43	58	149	144	7
h)	Exploitation by society/ vendors/teashops/hotels	31	77	172	139	8
i)	Inadequate veterinary facilities	22	51	177	95	9
j)	Long distance to the society	19	36	195	74	10
k)	Irregular payment of price	15	31	204	61	11
l)	Inadequate demand for milk	7	41	202	55	12

Source: Sample Survey.

Table 8.3 shows that insufficient price of milk is the most severe problem faced by the members of dairy co-operatives. This is because according to the farmers, in the light of considerable increase in the price of consumer goods and dairy inputs, the present price of Rs.6.72 given by dairy co-operatives is very low. Again farmers complain that while dairy co-operatives give only Rs.6.72 per litre to farmers, they sell it at Rs.9.00 per litre even after extracting the excess fat. Out of 250 farmers, 215 farmers are of the view that the problem of insufficient price of milk is either very severe or severe.

Paucity of funds for purchasing more bovine is the second most severe problem of dairy farmers. Because of the general availability of fodder and lack of other employment opportunities, a large number of farmers are willing to expand their dairy farming. As high yielding cross-bred cattle would cost about Rs.10,000, it is very difficult for majority of the farmers to spend so much. As it is clear from the table, this problem is very severe for about 40 percent of the farmers.

Higher price of cattle feed and financial difficulty to survive during the dry period form the next two most severe problems. As seen in the beginning of this chapter, the increase in the price of cattle feed is much more than the increase in the price of milk. So poor farmers find it very difficult to provide

required quantity of feed to their bovines. Similarly, because of the lack of other sources of income, large number of farmers face the problem of surviving during the dry period.

To conclude, dairy farmers face a large number of problems - both financial and non-financial. For solving most of these problems, the initiative must come from dairy co-operatives, especially from KCMMF and ERCMPU. The earlier these problems are solved, the better will be the prospect for dairy farming in the district.

The first chapter of this study which was introductory in nature gave a statement of the problem, a review of literature, objectives of the study, the hypothesis and the methodology. The main objective of the study was to assess the economic impacts of dairy co-operatives on the dairy farmers of Idukki district. The specific objectives were to examine the extent to which dairy co-operatives had succeeded in improving the lot of dairy farmers in the district by enhancing employment, milk production, income, consumption and general standard of living. The hypothesis tested was that by providing timely inputs and services and by creating a ready and year-round market for milk, the dairy co-operatives had succeeded in generating a powerful stimulus for dairy development in the district.

A brief review of development in the dairy sector of the state under the Five Year Plans, made in the second chapter, found that there had been substantial progress in the dairy sector of the state. Predominance of agriculture, the seasonal nature of agricultural operations, fluctuating and irregular nature of agricultural income and ready market offered through dairy co-operatives