Literature Review:


This study tries to explore the hypothesis that those cooperative as they develop backward, forward and horizontal integration are able to increase the income of their farmer members through rationalization of costs and through undertaking value addition functions. The findings of the study reveal that cooperative in milk commodity have played important role in improving the income of their members from their milk operations substantially and have also helped small landless laborers to under-take milk production as a primary occupation. It is hoped that the study will be useful to the policy makers as well as milk cooperative societies.


Survey data of 2,538 dairy farmers located in 12 southern states were used to analyze the factors influencing farmers’ choice of milk handlers. Results from a qualitative response model indicate that a combination of price and non-price factors contribute to dairy farmers’ attitudes toward their milk handlers. Specifically, the decision to change milk handlers was significantly influenced by prices paid and deductions charged. However, non-price factors including field services, friendly personnel, and loyalty to a handler contributed to the longer term affiliation of dairy farmers with their milk handlers.

3) Debnarayan Sarker* and Bikash Kumar Ghosh (2010), *Constraints of Milk Production: A Study on Cooperative and Non-cooperative Dairy Farms in*
In this research paper researcher determines the constraints that cooperative and non-cooperative dairy farms face in expanding milk production has been reported based on a field study on some cooperative and non-cooperative dairy farms in the state of West Bengal. The study has shown that non-cooperative farms face major constraints and high severity compared with cooperative farms in expanding milk production. The study has suggested that for expanding milk production, the expansion of cooperative dairy farms other than non-cooperative dairy farms may overcome most of these difficulties.


This paper analysis to assess the dairy farmers’ satisfaction with dairy cooperative societies (DCSs), a research study was conducted covering eight selected DCSs in regional Cooperative Dairy Federation (PCDF). The good quantity of milk produced and sold by member farmers to the societies indicates the commercial viability of dairy farming in the area. Organizational participation, market potential and economic motivation were found to have strong influence on the satisfaction level of farmers; however, the prevailing constraints negatively contributed towards farmers’ satisfaction with the functioning of DCSs.


In this research paper researcher has thrown lights on national dairies in Boston. Also researcher made an attempt to pay attention towards govt. policies.

In this research paper researcher places a current transaction in the dairy industry into the larger context of a trend that raises important questions about the role of huge dairy cooperatives in vertical collaboration with major milk processors and dominant grocery chains in America.


The aim of this paper is to evaluate the possibility of implementation of alternative renewable energy micro-generation installations in dairy farm milk collection posts, from the technical, economical and environmental perspectives. This work was performed through a dairy farm milk collection post energy audit, to perform energy profile characterization and demand requirements.


Analysis of factors affecting milk value chain in smallholder dairy farmers was conducted in Ada’a district to strength the position of smallholder dairy farmers in milk value chain. Different factors affecting milk value chain in smallholder dairy farmers were identified. Among these factors reduction in volume of milk produced, high cost of different inputs (animal feeds, improved
breeds), high bargaining power of trader, weak relationship of dairy cooperative with its members, long fasting period of Ethiopia Orthodox Church are identified as the major factors affecting milk value chain in smallholder dairy farmers.


Researcher enlighten us in this booming period Mother Dairy is looking to take advantage of the opportunities which are in galore available for all milk manufacturers. Mother Dairy sources its entire requirement of liquid milk from dairy cooperatives. Similarly, Mother Dairy sources fruits and vegetables from farmers/growers associations. Of the three A's of marketing - availability, acceptability and affordability, Mother Dairy is already endowed with the first two. Hence no efforts are needed to make it acceptable.


Researchers employed debt equity ratio to study the capital structure and for studying working capital, liquidity and turn over. Ratios like current ratio, acid test ratio, inventory turnover ratio were used while studying the financial performance of super bazaar in Warangal.


According to Koopmans, farmers may have several specific reasons for starting an agricultural cooperative: to mobilize more resources than they can individually supply, to create attractive alternatives for purchasing goods and services, to operate a business more efficiently. They recognize that the benefits outweigh the duties of membership and because they recognize that as members of a cooperative they are partial owners and not only clients. By becoming a member of a
cooperative, each farmer can make use of the advantages of the cooperative: a
good market price for their product and access to other goods, services, markets
and credit.

supply and marketing cooperatives”. Review of Agricultural Economics.
Vol.14: Pg no..93-103.

According to Schroeder, cooperatives provide quality supplies and service to
the farmers at a reasonable cost. By purchasing supplies as a group, the farmers
offset the market power advantage of other private firms providing those supplies.
The farmers can gain access to volume
discounts and negotiate from a position of greater strength for better delivery
terms, credit terms, and other arrangements. Suppliers will also be more willing to
discuss customizing products and services to meet farmers’ specifications if the
cooperative provides them sufficient volume to justify the extra time and expense.

Delhi, vol .I.

According to Folsom, having a business, owned and controlled on a
coopera tive basis helps the farmers’ entire community. Cooperatives generate jobs
and business earnings for local residents. They pay more taxes that help to finance
schools, hospitals, and other community services.

Coop Rev., 23(1),Pg no .54-70.

Rayudu, to measure the financial operations and performance of cooperative
spinning mills in Andhra Pradesh studied different financial ratios such as current
ratio, acid test ratio and debt equity ratio. He opined that ratio analyses had a
dominant role not only for the appraisal of financial performance of cooperative but also for their ability to handle professional financial management.


Nikam, made an attempt to study the financial strength of four cooperative sugar factories situated in Aurangabad district. Two important ratios viz., current ratio and acid test ratio were employed to locate financial strength of three units (short term) and two ratios viz., debt equity ratio and net fixed assets to net worth ratio were used for assessing the long term financial strength of the societies.


Shankara Murthy, studied the performance of Karnataka State Cooperative Marketing Federation Limited. He employed financial ratio analysis to evaluate the financial performance of the federation. He used different ratios to study the different aspects of financial position of the federation such as solvency, liquidity, turnover, profitability, efficiency and strength. He said that the ratio analysis would provide better idea of the financial position of the federation.


Chidambaram, analyzed the growth and development of Amaravati milk dairies, Tamil Nadu, with respect to 13 identified indicators such as (1) area under milk production (2) membership (3) recovery (4) equity capital (5) debt capital (6) net working capital (7) milk price (8) cost of production of milk products (9)
machinery utilization (10) sale price (11) income (12) expenditure and (13) profit, compound growth rate was calculated for each indicator to study the growth.


According to Tsehay, a milk marketing group can be viewed as a group of smallholder farmers who individually produce at least one liter of saleable milk/ a day, and are willing to form a group in order to collectively process and market their milk. The milk marketing groups are named following their locality’s or peasant association’s name. According to her, the idea of group work and formation of a group is not new to Ethiopia. Different traditional local groups can be identified.


Jain et al., studied the growth of milk producers cooperatives in Mehasana district of Gujarat. The sample villages in the milk shed area were selected and were studied for the growth of cooperative societies, membership, share capital, volume of milk handled, price paid by different agencies. They also noticed that there was an overall increase in the number of persons employed by the milk cooperatives to assist in their functioning and the daily milk collection of milk cooperatives increased in second occasion during all three seasons.


Kulkarni opined that the lack of sufficient milk collection of cooperatives in the rural areas, malpractices in weightiest and quality testing, inconvenient timings of
milk collection, spoilage during the rains, and warm seasons and inadequate extension services were some of the lacunae in milk collection from the producers.


Baviskar based on data collected during field work in two villages of Surat district. The report traced the increase in the number of cooperative milk producer societies and their impact on dairy development in the tribal area of Gujarat. It focused upon milk cooperatives managed by Jesuit missionaries in the region presenting a detailed description of their internal organization. The main reason for the success of the Jesuit seen cooperative was found to lie with the loyalty of its members and integrity of its leaders. The secretary of dairy cooperative was found to be key functionary in the success of the project.


Hirevenkana Gouda et al. studied the impact of dairy development on the weaker sections of Bangalore north and Doddaballapur taluk of Karnataka. The small, marginal farmers and agricultural laborers were selected from the villages having SFDA programmes. They were classified as Karnataka Dairy Development Corporation (KDDC) farmers and non-KDDC farmers who were not availing the facilities of cooperatives. They found that more than 56 percent KDDC farmers getting only 25 percent of family income from dairy enterprises more than 64 percent of KDDC farmers had repaid 75 to 100 percent of dairy loan, where as only 10 to 25 percent of non KDDC farmers had repaid 75 to 100 percent of dairy loan.

Jawan Ram made an attempt to analyze the organization and working of Jaipur District Milk Producers Cooperative Union Limited, Jaipur. The study was conducted through personal interview with management and other employees of the union. It was found that the organizational structure and functions performed such as (i) milk collection (ii) supply of technical inputs (iii) farmers induction programmes and (iv) supervision etc., were analyzed. Some drawbacks were found out and appropriate suggestions were made.


Mattigatti studied the performance of Milk Producers Cooperative Societies and their impact on dairy farming in Dharwad district. The author selected a number of physical and financial indicators to evaluate the performance. The secondary data required was collected from the various annual reports of Milk Producers Cooperative Societies for the period 1986-88. He opined that both the physical and financial indicators of the societies showed significant growth in their values. The above average societies have already progressed with higher values for the indicators compared to below average societies, while below average societies were shown a greater rate of growth, hence, he concluded that over the period of time all these societies would contribute to the overall development of the societies.


Jithendra Kumar studied the performance of dairy cooperatives and their impact on milk production, income and employment in Chitoor district of Andhra Pradesh.
The study revealed that the societies which were above the average level has shown better performance with an increase in membership and milk procurement, and profits of societies showed an increasing rate except some specific area.


Kale et al studied the financial position working and operational efficiency of 23 dairy cooperatives in Raigad district of Maharashtra. They studied the economic efficiency through income expenditure ratio, expenditure income ratio, rate of return on capital and rate of turn over. They concluded that (i) the societies had low owned capital and were dependent on borrowing from financial institutions (ii) even though the working capital of the dairy cooperatives was low, their turnover was high because dairy cooperative did not make payment to milk producers from their own funds. Therefore, dairy cooperatives were able to carry on business with limited capital and (iii) majority of the societies were trading profit.


Traditionally, farmers keep livestock in proportion to the free crop residues and family labour available in their own household production systems and convert these into food, fuel and farm power, making each farm household a virtually self-contained production system with no purchased inputs and few marketed outputs. This age-old trend has undergone rapid change in recent decades. Although the organization of livestock production in small units persists, household production systems are increasingly becoming integrated into input as well as output markets. As a result of a gradual transition from subsistence to the market system, the economic dimensions of livestock keeping have assumed increasing significance in farm household behavior.

Field surveys have shown that many potential liquid milk-marketing households are hours distant away from any milk group. Setting up new groups would clearly reduce the travel time to group, and the actual number of households that would benefit depends on local population densities. It is also important to keep newly emerging milk groups small and geographically limited to ensure proximity and avoid large groups that would tend to increase average travel times.


This study showed that the creation of new market outlet for fluid milk brought major improvements in the production, marketing and consumption behavior of smallholder households. The new marketing outlet may also promote involvement in more intensive dairying.


As per Jaffee, Co-operatives, by providing bulking and bargaining services, increase outlet market access and help farmers avoid the hazard of being
encumbered with a perishable product with no rural demand. In short, participatory co-operatives are very helpful in overcoming access barriers to assets, information, services, and the markets within which small-holders wish to produce high-value items.


Kumar and Rout, in their study on economic response to feed on milk production for different types of feeds of dairy cows in Haryana, found that feed was the most significant factor influencing milk yield. Feed cost accounted for 60-70 percent of the total cost of production.


Chhikara et al, studied the relative efficiency of the different types of Milch animals in area of Jind milk plant of Gujarat. They fitted cobb-douglas production function to estimate marginal value productivities and milk production (input output details of Milch animals). They concluded that the use of green fodder, dry fodder, concentrates and human labour had explained about 45, 93 and 90 percent of variation in the milk output of cow, murrah buffalo and cross bred cow respectively. The net return over the variable cost was highest for the crossbred cow, followed by murrah buffalo and cow. The total cost of milk production in lactation was Rs 1795, Rs 3340 and Rs 2687 for the cow, murrah buffalo and crossbred cow in that order.

Parthasarathy, studied the economics of milk production and trade covered on hundred dairy farmers supplying milk to the Integrated Milk Project (I.M.P), Vijayawada, Krishna district of Andhra Pradesh. The input-output ratios, cost components were analyzed. They revealed that the average input-output ratio was 1.31 per animal and the average yield was 2024 lts per lactation and the total cost of maintenance was Rs 3112 and 85 percent of it was on feeds. Most of the milk trade was with private agencies and only one fourth was with I.M.P.


Madhava Swamy, studied the comparative economics of production of local and graded research buffaloes in Kurnool district of Andhra Pradesh. He estimated the relative share of crop and livestock production in total gross farm income of small and marginal farmers. Costs and returns of crops besides the cost of dairying, feed, concentrates, and milk yield pertaining to animal maintained were gathered. Tabular analysis was employed to draw results. He concluded that the graded murrah buffaloes yielded higher net returns by Rs 258 than local breed. The cost of production per liter of milk of local buffalo was Rs 1.50 as against Rs 1.3 in graded murrah buffalo. It was revealed that out of the total gross farms income, 48 percent of higher net returns were contributed due to livestock production compared to crop production.


Dixit et al, studied the economics of milk production in five agro climatic zones of Kerala. The primary data with respect of farm inventory, production traits of Milch bovines, feeds and fodder fed, labour utilization, production and
consumption of Milk, value of various inputs and outputs, expenditure on veterinary and other miscellaneous items etc. were collected from 750 households. The data pertained to the year 2002-03 the results of the analysis indicate that bovine husbandry forms an important component of the typical homestead-farming situation in Kerala. The crossbreeding of cattle has resulted in the spectacular performance of dairy sector in the state.


Jain, in his study on dairy development, through cooperatives, discussed that dairy development in Rajasthan included various aspects, like evaluation of cooperative system and its pattern of establishment, methods of milk procurement, and processing; supply of technical inputs; animal breeding facilities, supply of cattle feed; training and extensions; supervision and the extent of cooperative programme.


Agricultural cooperatives have been a unique way of addressing the concerns of the producers and consumers regarding pricing, storage, marketing, and other such activities of bringing the commodity to the market. One of such sectors is the dairy, where there are cooperatives in both the developed and developing countries. Amul Dairy, a milk cooperative in India is, synonymous with quality of its milk and milk products as well as fair prices to both the consumer and producer. In this study, we will examine the effectiveness of Amul by comparing the procurement prices offered by the dairy cooperative to the cost of producing milk. In addition, They have measure whether there are economies of scale in milk production.

This study covered 75 cooperative member milk producers and 75 non-member milk producers which were post-stratified into small, medium and large herd size categories. Per day net maintenance cost was found to be higher for member group than that of non-member group. It was found to be higher in case of buffalo than that of cow and also observed more in the summer season. Per litre cost of buffalo and cow milk production was observed to be higher for the non-member as compared to member group. Per litre cost of buffalo milk production decreased with increase in herd size categories across different seasons while same trend was not observed in case of cow milk production.


This paper presents a case study of politics of policy reforms in the dairy sector in Kenya with particular reference to the Kenya Cooperative Creameries (KCC). It is developed for the Policy Processes sub theme of the Future Agricultures Consortium (FAC). The sub theme recognizes that that while many policy recommendations on how to get agriculture moving have been made, too often such recommendations have foundered. This has been attributed to among other things, the narrow focus on the technical dimensions of policy, with little attention paid to the political economy and the complex politics of policy making in specific contexts.

This study uses the Soft Systems Methodology application to analysis the relationship between dairy business which is not just limited to government policy issues but also the development and activities of milk farmers. Cooperatives placed itself as a mediator between farmers and milk processing industry especially in marketing issues, but cooperatives are still having problems to maximize their function.

This paper contributes to the improvement of business network and adaptation of contract farming which is expected to change the dairy cooperative governance structure into enterprises which are more competitive and promote the welfare of its members as a form of empowerment the dairy farmers. This effort is also expected to strengthen the partnership between farmers, dairy cooperatives and milk processing industry as a partner to develop the national dairy business.