

Dairy to Yield Good Return to Farmers

Written by JP, Senior Business Analyst
Wednesday, 28 July 2010 17:02 -



A milky chance in Kerala. The State is a fertile land for dairy farms. The burgeoning gap between demand and supply assures ready market. Dairy Development Department, the dairy farmers' society under it and Milma (the milkman of the State) offer all promotional and marketing supports to investors in dairy sector.

Heavy inflow of foreign money, especially from the Gulf countries, and low birthrate have changed the socio-economic landscape of the Kerala.

The large scale migration of people from the State to foreign countries for job has transformed the agrarian Kerala society to foreign remittance dependent one. Under the changed scenario, the earlier household cattle rearing system collapsed as income from the cattle has become redundant for neo-rich families. Secondly, new generation of these families whose number is dwindling in graying Kerala, find their fortunes in IT, BT and business management. So like the case of many other commodities, in the milk also Kerala's status has changed from producer to consumer.

"This opens a new avenue to investors. The dairy sector in the State is fast acquiring commercial nature and lot of people are showing keen interest in entering the business. The state daily needs 7.4 million litres of milk, while it produces only 5.4 million litres. The shortage is mainly met with the import from the neighbouring states of Tamil Nadu and Karnataka. The local supply comes down further during the lean season of summer," Says State Dairy Development Director Sajan K Alex.

Mr. Alex says that now arrival from neighbouring states has come down because the price has gone up there. So it is not beneficial for them to bring milk to Kerala at the present price. Besides, the department has further intensified the quality control of the milk coming from

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outside the State. He hopes that the demand will increase since the daily consumption is on the rise.

He is absolutely right. Several people including Gulf returnees and retired government employees have already set up dairy farms or are in the process. The trend is more visible in Alappuzha, Kollam, Palakkad, Wayanad, Idukki and Thiruvananthapuram districts.

A unit with five to 20 cows is ideal for investors with limited fund, man power and other resources. A five-cow unit costs an investment of Rs 2 to 2.5 lakh. If the unit is set up under schemes like MSDP (Milk Shed Development Project) of the Dairy Development Department, the promoter is eligible for subsidy. However, the beneficiaries of schemes are selected after thorough screening process and they are mainly meant for weaker section.

Before setting up the dairy unit, an investor can seek the help of the local dairy extension service unit under the department in the area where he sets up the unit. A dairy extension service unit comprising Dairy Extension Officer and two Dairy Farm Instructors functions in all block panchayats in the State.

These officials can give an investor the vital data such as the production of the milk in the area, requirement of the commodity and availability of fodder. They can also help in purchasing cows, ensuring the service of vet and insuring agencies, fodder cultivation and in most cases arranging bank loan.

“Constant interaction with local dairy development unit will help for hassle-free running of the business,” assures Ramadas, who owns dairy units at various parts of Kerala.

He also swears that market is not at all a problem in Kerala. Milk can sell to Milma, (trade name of Kerala Co-operative Milk Marketing Federation) through the local dairy farmers' co-operative societies controlled by Dairy Development Department. But only members of the society can claim incentives like production bonus. But non-members are also eligible for pension and other benefits of Kerala Dairy Farmers' Welfare Fund.

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Mr. Ramadas avers that fresh milk has instant market in the State and which is more remunerative for the investor. Price realisation will further go up if fresh and quality milk is supplied promptly at the door step of the consumers.

“I don’t think that direct sale is a problem. In Kerala, even in remote villages road connectivity is very high, thanks to the decentralised planning. All places are well connected with road. The dairy farm owner can directly supply the milk by a three-wheeler or small four-wheeler pick up vans. People will be only happy to pay for the service,” says Ramadas.

The market for the value-added milk products has gradually been evolving in the State. When the market for these products is fully developed, the demand of milk will further go up. The Dairy Development Department gives training to make value added products.

Margins can be further raised by cutting the cost of feed and fodder. These two inputs are, in fact, squeezing the margin of dairy farm promoters.

The department officials say that there is no harm in trying feed which is made at home with bran, groundnut, cotton or coconut oil cake, dried tapioca and enriched with calcium powder, minerals and common salt. In fact, the department has brought out a booklet containing details of the preparation of various types of home-made feed.

Mr. Ramadas disclosed that he was trying to convert almost freely-available jackfruit seed to feed. “It is half-way through and I am confident that it will succeed. Then it will be very beneficial for farm owners.”

Cost of the fodder can be brought down by growing them locally. The department gives fodder slips free of cost to propagate fodder. In Kerala, a large area of land is left uncultivated and this land can be utilised for fodder cultivation.