

# **EXECUTIVE SUMMARY**

## **UGC SPONSORED MINOR RESEARCH PROJECT**

**TITLE: An Evaluative Study of the Financial Feasibility of Milk Production In Wardha District**

**Principal Investigator: Ms. Humera K. N Quazi,**

**G. S. College of Commerce, Wardha.**

Agriculture, industry and the service sectors are the three main pillars of an economy. Agriculture is the centuries old prime activity. The history of human civilization indicates the significance of the agriculture. The dawn of the industrialisation put the shadow on the contribution of the agriculture in the economy. Growth of the service sector further eclipsed the brightness of the agriculture. As the world progresses industry and the service sector stretch their wings in the overall development of the country though the share of agriculture contracts, we cannot overlook importance of agriculture.

Developing countries of the world are the primary producing economies, their main reliance is on the agriculture. India is known as the land of villages and even now majority of her population live in the village. Agriculture is the main occupation which feed the large no of the people. India is one of the emerging economies of the world here the agriculture plays significant role. Agriculture is the only means of living for almost 50 % of the employed class in India. As being stated by the economic data of financial year 2010-11, agriculture and its allied sectors has acquired 14.5 percent of India's GDP.

The agriculture sector of India has occupied almost 43 percent of India's geographical area. Despite a steady decline of its share in the GDP, agriculture is still an important sector and plays a significant role in the overall socio-economic development of the country.

After the reforms due to commercialization of crops farmers are diverted towards the market driven mechanism which looks attractive .This created the fad towards the cultivation of commercial and cash crops. But the problems with the agriculturists in India are lack of agricultural knowledge and the increasing dissonance among the agriculturist as to what knowledge is to be drawn upon to use their land. The result is in the form of the failure of the

crops and low return than the investment, the farmers could not recover the money which was invested. The frequent failure of the crops put the financial burden to the farmers and to cope up the situation they resort to borrow the money from the banks, intermediaries, indigenous bankers, money lenders etc. Poor and marginal farmers take the loan for purpose to the intermediaries, indigenous bankers, money lenders who normally charges the exorbitant interest rate which ranges from **36-120 per cent per annum which doubles the principal amount within a short span of time. As a result, farmers have not been able to repay the loan amount but need a more money for both i.e. consumption and production purpose. And with the passing of time the burden of the loan amount shot beyond the capacity of the farmers. Inability on the part of farmers to repay the loan put the farmers in distress.** The plightful situation stress and put the farmer in the dilemma of living and suicide. Between the year 1998 and 2000 the cases of suicide started highlighting in the newspapers, then 2000 onwards it became the regular feature of the rural distress and it created the vacuum in the socio- economic structure of the rural India.

The country which has the long history of farming and agriculture, almost 80 percent of the population where used to depend on agriculture, the rural industry of the country was having the model of self development and sustenance and which has the glorious past in terms of social, political and economic front .Such country is suffering with the agriculture distress? What would be the possible solution of such an awful condition? Who would take the initiative to overcome the distress and plight?

The possible solutions of the grave problems are the modification in the use of technology, technical guidance, reliable cooperatives to provide credit facilities to the small and the marginal farmers, integration of surface and groundwater irrigation schemes, strengthening the line department in order that the schemes are implemented efficiently, diversion of the resources towards increasing agricultural productivity with sustained growth and lower costs of production.

Identifying the proper opportunities to promote rural employment, including nonfarm employment, encouraging diversification within and out of agriculture and developing value addition activities such as agro- processing in rural areas in a way that benefits farmers, providing the employment opportunities in the allied and subsidiary sectors of the agriculture like poultry, fish cultivation animal rearing and the dairying business etc.

It becomes clear that animal and the bird rearing is one of the promising occupation which could be adopted in the line of the agriculture as the supplementary of it. Along with the Animal husbandary Dairying is the promising subsidiary industry which can substantiate the losses of the agrarian crisis of India.

In this light, the present study has attempted to examine various issues related to the dairying business and its positive effects on the agriculture .Similarly in the present research the attempt has been made to find out the financial feasibility of the milk production in the Wardha district.

### **SIGNIFICANCE OF THE STUDY:**

Milk production is the profitable subsidiary venture for the rural population. The business can be undertaken as the supplementary occupation of the farming. In Vidharbha where the farmer's suicide is common they do not get the proper price for the agricultural output, agricultural output depends on the rain, farmers are heavily debt ridden and poor. If the farmers start the business as supplementary to the agriculture, the extra income would generate and it would reduce their dependence towards agriculture. Hence the farmers of this region should adopt the milk production .The business can reduce the indebtedness and at the same time cost of agricultural product. The present study has the focus of the all those aspects which are directly and indirectly affecting the dairy business of the Wardha district.

### **OBJECTIVES:**

The present research project is to evaluate the financial feasibility of milk production in Wardha District. Apart from the above basic idea, the research is also based on the sub objectives which are as follows;

- 1) To find out the cost of per liter of milk production.
- 2) To determine the cash profit and economic profit per liter of the milk production.
- 3) To evaluate the problems which are confronted by the farmers who are engaged in milk production.
- 4) To study the existing system of buying and selling of milk by various milk agencies.
- 5) And to suggest the measures for enhancing the milk output and income level of the marginal and the other farmers.

## **HYPOTHESIS:**

Hypotheses are the assumptions which provide guidelines for the researcher to move in a particular direction. In the present research work, the following assumptions are considered for further movement.

- 1) Milk production is not financially feasible
  
- 2) Milk of cows is more costly as compare to buffalo's milk.

## **METHODOLOGY:**

In the completion of the project, historical as well as empirical methods have been adopted. Chapter I deals with Introduction and research methodology aspect .Data have been gathered for the preparation of the II and III Chapters from the secondary sources. Chapter II covers “Basic Of Dairy Industry” and III “An Overview of the Dairy and Livestock Scenario”.

A structured questionnaire has been administered by way of interview to the farmers, government officials and the veterinary doctors. Primary data thus collected from the different farmers, people involved in the dairy business of the Wardha district. For the collection of the primary data samples were collected from the villages of the 5 talukas of Wardha district.250 samples from the Deoli, Samudrapur, Hinganghat, Seloo and Wardha were collected for the research purpose. The data thus gathered through this interview technique has been analyzed in Chapter IV i.e. “Data Analysis and Interpretation”

Besides, observation techniques was also used at various levels along with interviews and discussions for Primary data collection. Detailed interview schedule was formulated to elicit information about milk production and its financial feasibility and the different problems which are faced by the dairy businessman and the dairy farmers.

The selection of respondents was through random sampling. The sample covered a representative group of the various villages of the Wardha districts.

## **FINDINGS AND SUGGESTIONS:**

In Wardha district 78.4% farmers is having agriculture as the primary occupation and practicing dairying as secondary one. Only 7.2 % people is doing dairying as primary occupation. The district has the cow dominated dairying business; the number of exotic and crossbred cows is less as compare to the indigenous breed. Since indigenous breeds are cheaply available and the maintenance expenditure is far less the poor and marginal dairy farmers normally rear them for the purpose.

Farmers keep the milk for their consumption and marketable surplus is normally sold in the local market. The price range of Rs.25-30 and R. 35-45 is for the cow and buffaloes milk respectively. The market for the sale of milk is local specially. In the district only 4.4 % are the user of the technology while the rest (95.6%) do not use the modern equipment for the milking of the animals. As far as livestock insurance is concerned, only the loany farmers insure their livestock as obligation on the part of the govt.

Monthly expenditure on the fodder depends on quality and quantity of animals possessed, grazing practice adopted and the availability of agricultural land. As per the data buffalo rearing involves heavy expenditures. There is great scope of earning the profit if the herd size is large enough.

Regarding breeding services, most of the dairy farmers prefer to natural service for their dairy animals. 66% of farmers take their dairy animals for natural service due to a strong belief on it and rest prefers AI.

In respect of the indigenous cows breeds Deoni, Gaolao, Gir, Khilari , Red Khandari are prominent. Among the exotic breed Jersey cow has the large numbers. . In the region Jafarabadi, Murrah, Nagpuri, Surti, Pandarpuri and nondescript buffaloes are found.

Study reveals that 74% of farmers have shed for dairy animals. Of this, 80% of the farmers had thatched shed and 20% have the shed with asbestos roof irrespective of category of farmers (marginal, small, medium or big farmer).

The final conclusions on the basis of observation highlight that dairying in Wardha is profitable occupation to remove the distress of the farmers. It has much potential if it is done on more scientific basis.

These suggestions would work for the benefits of the community if they are implemented in the right direction.

1. The on-going breeding policy needs revision in the light of the field observations more particularly of the neglect of indigenous breeds of cattle, some of the indigenous breeds are disappearing in its home tracts despite programmes implemented preventing the bio-diversity loss and conserve the indigenous germplasm.
2. Measures and means have to be evolved for establishment of permanent fodder banks near the villages. On the same line subsidy should be provided to small and marginal farmers for the scarce period of 4 months in a year in order to make dairying a viable and remunerative enterprise

It is suggested to increase the awareness levels of farmers as well as adoption levels of technology by farmers through enhanced extension, accessing infrastructure for such facilities.

3. There should be a conscious effort for convergence of various government schemes from various departments so that the milk producers could benefit from the linkages and create synergies from the various interventions.
4. Wardha district has potential to support twice the bovine population as it has today. However, it would require enhancement of irrigation facilities and proper planning of the cropping pattern. Fodder plot development and grass cultivation should be taken up.
5. There should be minimum benchmark price for the milk should be decided after considering the actual cost of rearing and maintenance of dairy animals. Benchmark for milk price and other incentives to producers on sustainable basis must be provided to the milk producers.

6. It is advisable to have a large size of milk animals to get the different benefits. The benefits vary not only in terms of employment generation in the off seasons of agriculture but also provide the regular flow of milk to the milk procuring agencies.
7. The dry period of animals increases the cost of dairy farmers. Efforts should be made to decrease the dry period of the animals by using the artificial insemination and modern breeding techniques.
8. Efforts should be made to rear the buffaloes and exotic breeds for the dairy business if it is to be done from profitability point of view.
9. As per codex code on hygienic practice for milk and milk products, milk should be collected, transported and delivered without undue delay, and in a manner that avoids the introduction of hazards substances into milk and minimizes the growth of microorganisms in the milk.
10. Mortality rate in animals is also high. Hence a special program in upgrading skills of animal husbandry, and bare foot veterinary care including a promotion of traditional herbal veterinary care needs to be taken. The cross-bred cows have to be looked after more carefully with frequent veterinary attention as they are not as hardy as the local breeds.