

Empowering Rural Livelihoods: Milk Producer Companies in India's Dairy Sector

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ABSTRACT

The transformative role of milk producer companies (MPCs) in enhancing rural livelihoods within India's dairy sector. As a significant component of the agrarian economy, dairy farming offers substantial opportunities for income generation and poverty alleviation. Study explores the structural and operational dynamics of MPCs, highlighting their impact on smallholder farmers through improved access to markets, fair pricing, and capacity-building initiatives. By analyzing case studies from various regions, the research illustrates how MPCs foster community engagement, empower women, and promote sustainable practices. Additionally, the paper discusses the challenges faced by these cooperatives, including competition, climate change, and regulatory hurdles. Ultimately, the findings underscore the potential of milk producer companies as a catalyst for economic development and social empowerment in rural India, advocating for policy support and strategic partnerships to maximize their impact.

KEYWORDS: Milk Producer Companies (MPCs), Dairy Farmers, Socio-economic growth, Milk Producers,

1. INTRODUCTION

The dairy industry is important because it helps make sure we have enough food to eat, especially for people who don't have a lot of money. It also gives jobs to women and families who live in the countryside. But sometimes, dairy farmers face challenges that make it hard for them to do their job well. In India, there are different groups that work together to make sure everyone has enough milk to drink and to prevent any bad things from happening in the dairy industry. With the internet and new businesses popping up in rural areas, things are changing a lot in India. It's really important for us to learn how farmers and people who buy their products can work together. We should also teach young people how to take care of animals and run dairy farms. This could make a big difference for India's economy and help people in rural areas have better lives.

1.1 Dairy Sector in India

Dairy farming is really important in India because it helps the country grow economically and socially. Technology is getting better in dairy farming, but it's also important to teach farmers new ways to improve. Farmers have to think outside the box, try new things, and stay updated on the latest technology. India has been doing really well with dairy farming, especially with the White Revolution. Small farmers are a big part of dairy farming in India. They usually have other types of farming too, like growing crops or raising animals. The way farmers do things in India is unique because it's connected to their way of life and the environment. Since India became independent, there's been a focus on making more milk. Schools and other organizations have come up with ways to help farmers make better milk and more of it. Some farmers have picked up bad habits along the way, but they're learning to be cleaner and healthier.

Livestock helps the economy and helps out lots of families in rural areas. Livestock gives us things like milk, meat, eggs, and more. It even helps with farming by providing power. In India, livestock makes up about 6.17% of the total money made in the country and almost 31% of the money made in agriculture. Over the years, the money made from farming has gone down a bit, but the money made from livestock has gone up (GoI, 2022-23).

India remains the largest milk producer in the world. Several measures were initiated by the government to improve livestock productivity, which led to a significant increase in milk production. Milk production in 2020-21 and 2021-22 was 209.96 million tons and 221.06 million tons, respectively, which shows an annual growth of 5.29 percent. In 2021-2022, per capita available milk will be approximately 444 grams per day. Milk production and annual growth rate (%) from 2011-12 to 2021-22 is as follows:

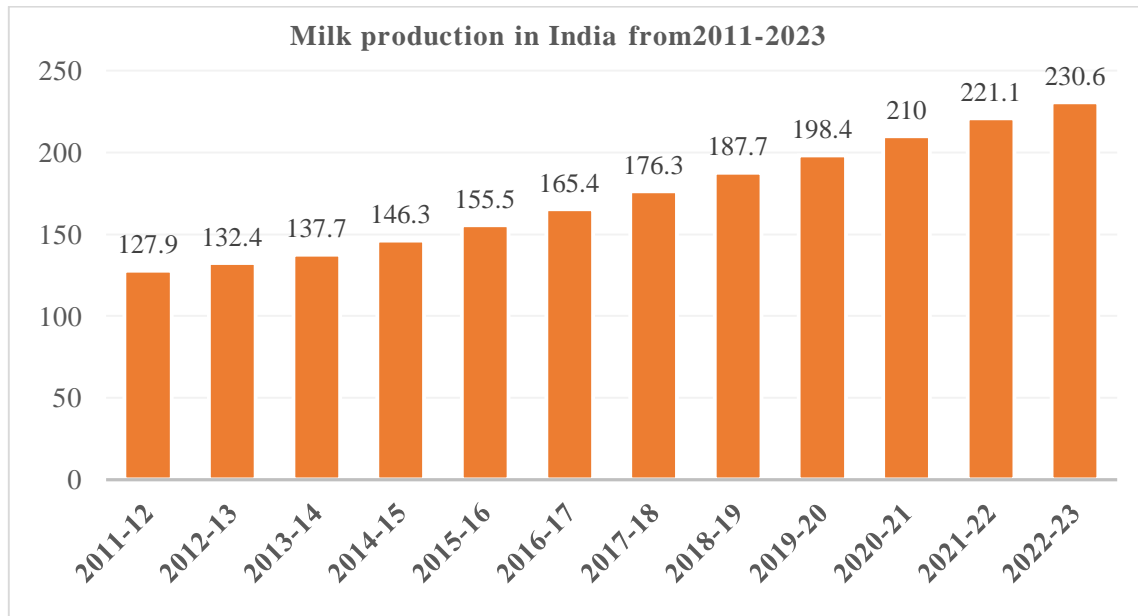


Fig 1: Milk production from 2011-12 to 2021-22 in India

Source: Annual Report 2022-23, Department of animal husbandry and dairying, GOI.

Milk production in the country has continued to grow by about six percent annually, while per capita availability has seen an increase of more than 4.5 percent over the past five years. By 2022-23, milk production in the country is likely to be 230 million tonnes and per capita availability of milk is expected to be 455 grams per day. Despite the challenges, milk procurement by dairy cooperatives remained resilient, with an average of 589 LK_gPD purchased during 2022–23. Dairy cooperatives continued to support dairy farmers by providing technical inputs and extension services such as veterinary services, artificial insemination (AI) services, vaccination, balanced cattle feed, fodder seed, mineral compounds, etc. (NDDB, Annual Report, 2023).

Dairy farming plays a crucial role in India's economic and social development, with efforts to enhance productivity and efficiency evident through initiatives like the White Revolution. Despite challenges, the country has witnessed steady growth in milk production, with significant contributions from small farmers. As technology advances, there's a need for continuous education and adaptation among farmers to optimize farming practices. With sustained support from government initiatives and dairy cooperatives, India's dairy sector is poised for continued growth, benefiting both the economy and rural livelihoods.

1.2 Milk Producer Companies in India

The Government of India has decided to establish and promote Farm Producer Organizations as a viable alternative to cooperatives at the ground level. In this regard, the Government of India amended the Companies Act, 1956 by incorporating Farmer Producer Companies as part of IX A, based on the recommendations of Y.K. Alagh Committee (Alagh, 2007) (Mondal, 2010).

National Dairy Development Board facilitated the establishment and operation of Milk Producer Companies (MPCs). NDS has successfully established 19 MPCs, six of which are supported under the National Rural Livelihoods Mission (NRLM). Twelve of these MPCs have all-female members and all-female producing directors on their respective boards. The production company is a combination of a joint stock company and a cooperative. It combines the benefits of professional management of the former with welfare considerations of the latter (NABARD, 2015). Minesh Shah Chairman of National Dairy Development Board (NDDB) said, milk producer companies procured Rs 5,575 crore of milk in the last financial year and this will triple to Rs 18,000 crore in the next five years. (Economic Times Analysis, September 15, 2022).

Table 1. Major Milk producer companies in India

Sr. No	Name of Milk Producer Company	Year of registration	Area of operation
1.	Payaas Milk Producer Company	2012	Rajasthan
2.	Maahi Milk Producer Company	2012	Gujarat
3.	Saahaj Milk Producer Company	2014	Uttar Pradesh
4.	Bani Milk Producer Company	2014	Punjab
5.	Shreeja Milk Producer Company	2014	Andhra Pradesh

To promote antibiotic-free milk, NDS has initiated veterinary practices in these Milk Producer Companies. During the year, more than 1.1 million AIs were performed in these Milk Producer Companies operational areas. Milk Producer Companies are different from other companies that make stuff from farmers because they have a bunch of farmers who own part of the company. In addition, many Milk Producer Companies were converted from old dairy cooperatives with large membership and capital. Additionally, the dairy sector has a well-established collection, sourcing, processing and marketing plan that makes it relatively easy for even new dairies to increase membership and expand their operations rapidly. (Neti et al., 2019).

2. OBJECTIVES

To analyze the growth, governance, and operational models of milk producer companies in India, with a focus on their impact on smallholder farmers, gender inclusivity, and overall contributions to the dairy sector's economic and social development.

3. RESEARCH METHODOLOGY

3.1 Research Design

The research design chosen for this study is descriptive and analytical in nature.

3.2 Duration of the Study

The methodology combines qualitative and quantitative approaches to provide a comprehensive analysis of the growth and characteristics of milk producer companies in India over the period from 2014 to 2023. duration of the study is **10 years**, covering the period from **2014 to 2023**.

3.3 Secondary Data

Data was collected from a variety of reputable sources to ensure a comprehensive analysis of Milk Producer Companies (MPCs) in India. This includes annual reports published by the National Dairy Development Board (NDDB), which provide insights into the operational and financial performance of MPCs. Additionally, reports from individual Milk Producer Companies will be reviewed to gather specific data on their activities and achievements. Government publications and statistics related to milk production and procurement was also be utilized to contextualize the growth of the dairy sector. Furthermore, academic journals and articles focusing on dairy cooperatives and producer companies will be examined to incorporate existing research findings and theoretical frameworks into the analysis. This multi-source approach will enhance the reliability and depth of the research findings.

3.4 Scope of the Study

The study focuses on the growth and development of five major milk producer companies—Paayas, Mahi, Saahaj, Bani, and Shreeja—over a period spanning from 2014-15 to 2022-23. The reason for choosing these companies is that they have the highest level of Milk Production.

3.5 Sample Size

The sample size consists of 5 major milk producer companies: **Paayas, Mahi, Saahaj, Bani, and Shreeja**. The study covers these companies to analyze their performance and advancements across various key parameters over the specified period.

3.6 Statistical Tools

The Compound Annual Growth Rate (CAGR) formula is a simple way to measure how much an investment has grown over time. To use it, you need three things: the starting value of the investment, the ending value, and the number of years it was invested. It's used to calculate CAGR by dividing the ending value by the starting value, then taking that result and raising it to the power of one divided by the number of years. Finally, subtract one from that result.

$$\text{CAGR} = (\text{Ending Value} / \text{Beginning Value}) ^ { (1 / \text{Number of Years}) } - 1.$$

Result and Discussion

The reports identify 210 milk producer companies (MPCs) in India, accounting for about 3% of all active producer companies. These MPCs are relatively young, with most being registered less than 5 years ago. The majority of active MPCs are located in four states: Maharashtra, Rajasthan, Madhya Pradesh, and Uttar Pradesh.

Table 2: Milk Producer Companies registration state wise (active companies)

State	Number of MPCs
Maharashtra	35
Rajasthan	28
Madhya Pradesh	28
Uttar Pradesh	26
Tamil Nadu	15
Haryana	13
Bihar	12
Other	53
All State	210

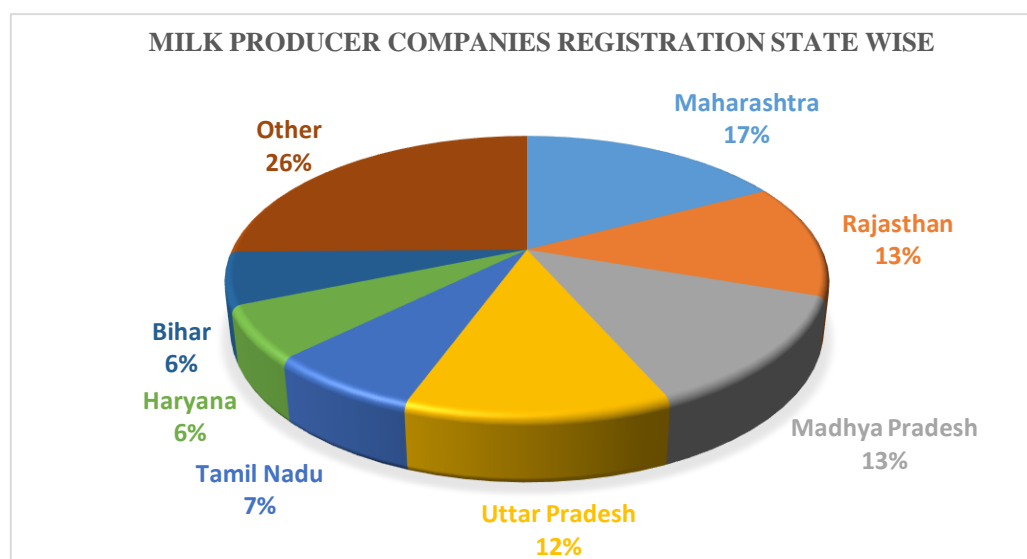


Fig:2 Milk Producer Companies Registration Percentage State Wise

Table 3: Growth of milk producer companies from 2014 to 2023

Parameters	2014-15	2022-23	Growth %
No. of Districts	38	49	29%
No. of Villages with Members	7156	8967	25%
No. of Members including Provisional members	256848	476258	85%
Women membership (%)	45	60	33%
Small holders (% of Members)	52	65	25%
Paid-up Share Capital (in million)	472	1458	209%
Average Milk Procurement (1000 Kg Per Day)	1779	2852	60%
Gross Turnover FYTD (in million Audited)	19592	44642	128%

The growth and development of the major milk producer companies Paayas, Mahi, Saahaj, Bani, Shreeja from 2014-15 to 2022-23, highlighting significant advancements across various key parameters. Notably, the number of districts increased from 38 to 49 (29% growth), and the number of villages with members rose from 7,156 to 8,967 (25% growth), indicating an expanded geographical reach and enhanced grassroots engagement. Membership surged by 85%, from 256,848 to 476,258, reflecting the organization's successful outreach and appeal. Furthermore, the percentage of women members increased from 45% to 60%, showcasing a commitment to gender inclusivity, while the proportion of smallholders among members grew from 52% to 65%, emphasizing support for marginalized producers. Financially, the paid-up share capital experienced a remarkable 209% increase, from 472 million to 1,458 million, underscoring enhanced member investment and organizational stability. Additionally, average milk procurement rose by 60%, and gross turnover skyrocketed by 128%, from 19,592 million to 44,642 million, indicating improved operational efficiency and market performance. Collectively, these metrics illustrate the organization's robust growth trajectory, reflecting its strategic initiatives aimed at fostering community development, inclusivity, and sustainable economic practices.

4. CONCLUSION

The conclusion states that the analysis of milk producer companies (MPCs) in India reveals a dynamic and growing sector that has significantly contributed to the dairy industry. Despite comprising only 3% of all active producer companies, MPCs have demonstrated impressive growth and development over recent years. Concentrated primarily in Maharashtra, Rajasthan, Madhya Pradesh, and Uttar Pradesh, these organizations have expanded their reach and influence, as evidenced by the increase in the number of districts and villages served. The substantial rise in membership, particularly among women and smallholders, underscores a commitment to inclusivity and grassroots engagement. Financially, the sector has shown remarkable progress, with a 209% increase in paid-up share capital and substantial growth in milk procurement and turnover. These advancements highlight the effectiveness of strategic initiatives aimed at enhancing operational efficiency and community development, positioning MPCs as a crucial component of India's dairy landscape.

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