

CHAPTER FIVE

OBSERVATIONS AND SUGGESTIONS

5.1 Observations

5.2 Suggestions

5.1 Observations :

From the data presented in the preceding chapter the researcher finds that :

- 5.1.1 Most of the producers of milk are small farmers with less than 2 acres of land holdings. A number of land-less agricultural labourers also have adopted production of milk as additional source of income.
- 5.1.2 Milk produced by them is marketed through both direct and indirect channels. But hardly 10 % of the milk produced is marketed through the direct channel.
- 5.1.3 Nearly 39 % of milk marketed through the indirect channel is through the Gavalis to the consumers even though the price paid by the Gavalis is the lowest.
- 5.1.4 The largest channel of distribution is the producer-Local Cooperative Dairy - District Milk Federation - Mahananda Dairy Bombay - Consumers.
- 5.1.5 The price spread in case of Producer - Gavali - Consumer channel is Re. 1/- per litre (Rs. 4.50 - Rs. 3.50). In case of Producer - Local Cooperative Dairy - Consumer it is Rs. 1.01 per litre (Rs. 4.61 - Rs. 3.60) in case of buffalow milk and in case of cow milk is Re. 0.96 per litre (Rs. 3.53 - Rs. 2.57). In case of Producer - Multi-purpose Society - Consumer

it is 67 paise per litre. (Rs. 4.37 - Rs. 3.70). In case of longest channel the price-spread comes to Rs.3.90 per litre (Rs. 7.50 - 3.60).

To a great extent this variation in the price spread seems to be due to the number of functions performed by the various middlemen.

5.1.6 Functions performed by the various members of the channel are as under :-

a) Producers of milk :

- i) Selling function - They sell the milk produced to the consumers and the local cooperatives.
- ii) Transportation :- They deliver the milk to be sold to the consumers as well as the cooperatives.
- iii) Financing function : They sell milk to consumers on credit of one month, which amounts to consumer financing.

b) Gavalis :

- i) Buying function : They buy milk from the producers by going to their sheds and milking their animals.
- ii) Selling function : They sell milk to the consumers.

- iii) Financing function : Firstly, they advance funds to the producers for buying buffaloes. Secondly, they sell milk to consumers on credit of one month, which amounts to consumer financing.
 - iv) Transportation function : They bring milk to the places of consumers. Means of transport used are bicycles, mopeds etc.
 - v) Risk - bearing : They bear the risks involved in (a) bad-debts and (b) possible spoilage of milk as milk is most perishable commodity.
- c) The Cooperative Organisations at Kasaba Bawada :
- Local cooperative organisations perform the following marketing functions :
- i) Buying function : They buy milk brought to them by the producers.
 - ii) Selling function : They sell milk to the local consumers, hotels and the District Milk Federation.
 - iii) Transporting function : One of the two Cooperative organisations have established booths in certain parts of Kelhapur city proper through which they sell milk to the consumers. Milk is brought by autorikshaw to these booths. Also to the consumers

at Kasaba Bawada they deliver milk to their residence by charging one rupee per month extra.

iv) Financing function : They provide financial assistance to the producers of milk in the following ways.

i) Cattle feed is supplied on credit.

ii) Funds are made available for the purchase of better breed milch cattle.

iii) They act as surities for the producers of the milk who want to obtain advances from the banks.

v) Risk-bearing function : Once milk accepted from the producers the risks arising out of spoilage of milk or rejection of milk by District Federation are borne by them.

vi) Provision of information : They provide information relating to production of quality milk and its marketing to the producers.

d) District Milk Federation :

1) Buying and Assembling Function : The Federation collects milk from the one Cooperative working in Kasaba Bawada.

2) Selling function : It sells milk so collected to

consumers in Kolhapur city through their booths and also to the State Federation. (Mahananda Dairy).

- 3) Processing and storage : The Federation process the milk in its chilling centre and arrange for proper storage till it is transported to the booths and Mahananda Dairy, Bombay. Also they prepare Milk-powder.
- 4) Transportation : It sends its own vehicles to bring milk from the Cooperative Dairy, Kasaba Bawada. Also it makes arrangement for transportation to their booths and to Bombay.
- 5) Packing and Packaging : Milk sold through booths to consumers is packed in polythin bags.
- 6) Risk-bearing : They bear risks involved in case of the milk collected.

5.1.7 Cost of Production of Milk and net return : If all the direct and indirect costs of production are taken into consideration, it is found that producers have no return at all, rather they incur loss. Hereby direct costs are meant the cash expenditure involved in the production of milk. Indirect costs include the estimated price of fodder, grass etc. available from the producers

own farm and the estimated wages for self and family labour.

However, if these estimated price of fodder, grass etc. and wages are excluded, producers do get an income of Rs. 2,886.42 per lactation period of a buffalo and Rs. 654.82 a cow. This is the additional income to both the agriculturists and agricultural labourers.

5.1.8 It is the fact that both agriculturists and agricultural labourers would have remained partially without work had they not taken to the production of milk. Thus production of milk for the market (rather than only self or family consumption) does help in solving or at least minimising the problem of disguised unemployment.

Also, marketing of milk produced by them generates employment by keeping the gavalis, employees of the Cooperatives, and rest of others gainfully employed.

5.1.9 Both producers of milk and those engaged in the whole marketing process are benefitted to more or less extent.

Firstly, part of the milk produced is kept for self or family consumption and it has good effect on the health of the producers' children.

Secondly, milk is made available to other sections of the society.

Thirdly, additional income improves standard of living of the producers.

Fourthly, keeping the producers and members of their families busy, possibility of their indulging in unnecessary and probably unwanted activities is eliminated or minimised.

5.1.10 Most of the producers have buffalows of low-yielding variety. Also, the number of cows is much less than that of the buffalows.

5.1.11 It is found that majority of the producers have either impoverished sheds or keep their animals in a part of their residential buildings.

5.2 Suggestions

We would like to make the following suggestions, particularly to improve the lot of the producers and the local consumers.

5.2.1 Producers should increase the quantities of milk sold directly to the consumers. There is ample scope to implement this suggestion as a large number of students of Polytechnic and Engineering College established at

Kasaba Bawada and people of Police Head Quarters and S.R.P. Camp constitute a large potential market. At present this potential market is not tapped by them as they tend to sell directly only to the consumers in the close neighbourhood.

- 5.2.2 To tap the potential market indicated in 5.2.1 and other consumers they should follow the policy of competitive pricing. For example Gavalis pay them @ Rs.3.50 per litre and sell to the consumers @ Rs. 4.50. Producers could sell their milk to the same consumers @ Rs. 4.10 to 4.25 per litre.
- 5.2.3 Producers should improve the conditions of cattle sheds, if necessary by approaching organisations like nationalised banks, Mahatma Fule Magasvargiya Mahamandal etc.
- 5.2.4 They should give active thoughts to the procurement of high yielding variety of milch - cattle.
- 5.2.5 In addition to using fodder, green grass, sugarcane top from their own farms, they should use balanced feed to increase both the yield of milk and its fat.
- 5.2.6 They should consider the production and marketing of milk as honourable occupation as any other branch

of business. The traditional hesitation in milking •
of the milk-animal, looking after the animals, selling
milk to the buyers personally need to be discouraged.

5.2.7 We do not mean to suggest that milk produced by
producers in Kasaba Bawada should not reach the consumers
outside Kasaba Bawada. But disproportionate sale of milk
by the producers (only 10 % of the total production)
it certainly evidence of a feeling amongst the producers
of milk that it is below their dignity to be seen
selling milk. This false sense of dignity should and
must be fought out by all concerned.