India's Dairy Revolution

The Role of Collective Action

Statutory Warning

Views expressed are personal, not those of the US Agency for International Development

Not a responsible academician

Selective choice of information

May miss points of interest to you

Stop me!

Indian Dairying: A Modest Experiment

Operation Flood: Results through March, 2010

14,024,000 dairy farmers,
Pouring more than 9.5 million tons of milk, at
140,000 dairy cooperatives
Whose 177 unions and federations
Market 7.7 million tons of fluid milk each year.

Lessons

India's dairy development goals, methods, achievements and challenges may help identify important issues:

- Replication and scale
- Development of democratic institutions
- Achieving salience
- Empowering rural small holders

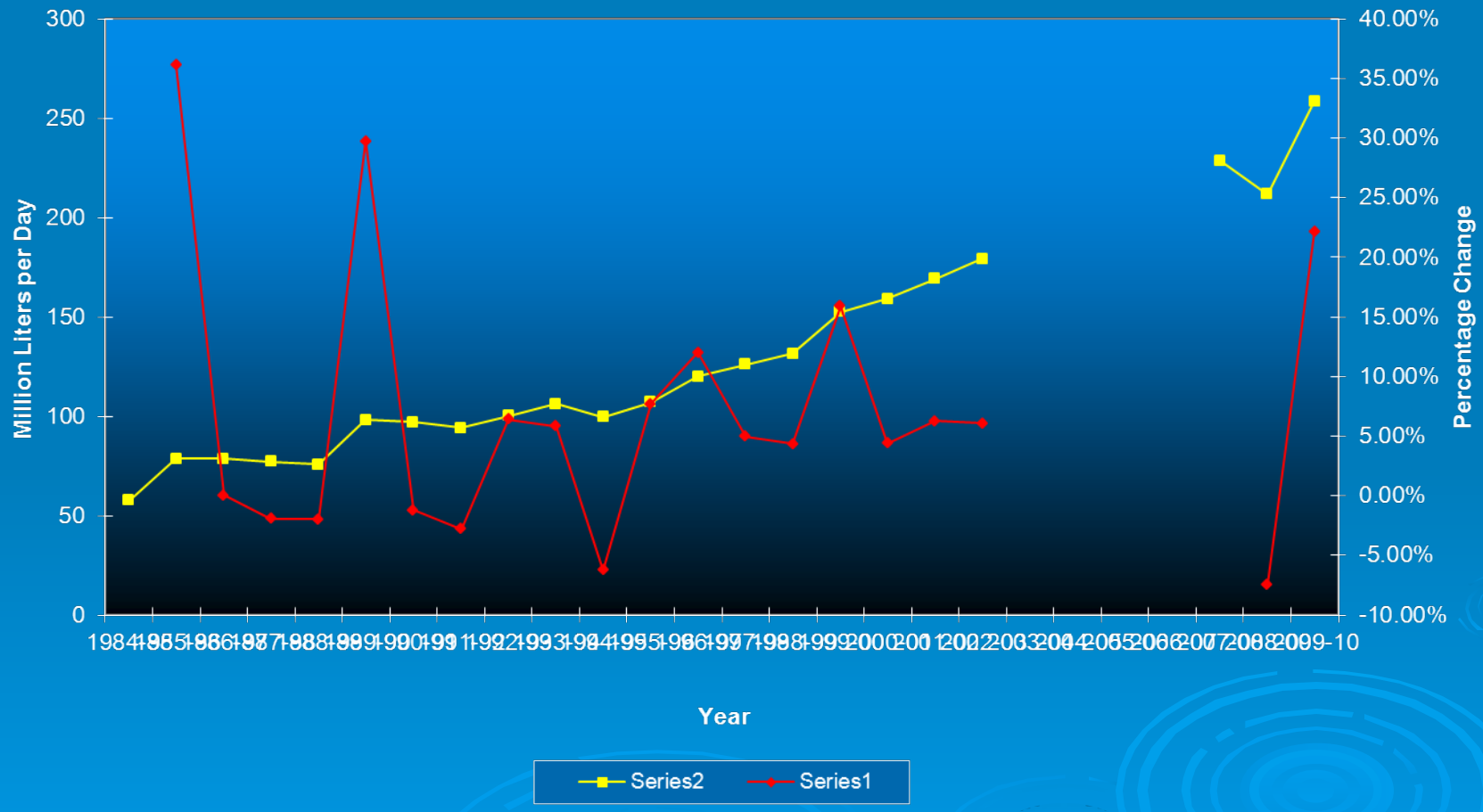
Kurien Paper - 1957

…the best way in which one can increase milk production is by arranging to market, in an organized manner, whatever milk is at present produced, either as liquid milk or as products. … it will be possible to pay the farmers a higher price for their milk than they obtain at present, if the processing and marketing is done in a proper manner. He will discover in dairying an excellent subsidiary occupation which obtains for him one to two rupees each day with which to meet his daily expenses. Where he kept one animal, he will now keep two. He will become more receptive to modern ideas of better breeding, feeding and management. A solution to the problem of underemployment of our farmers would have been found. **A revolution in the Indian dairy industry will then have begun.** (emphasis added)

Lal Bahadur Shastri letter

"If we can transplant the spirit of Anand in many other places, it will also result in rapidly transforming the socioeconomic conditions of the rural areas and in our achieving the objective of a socialistic pattern of society."

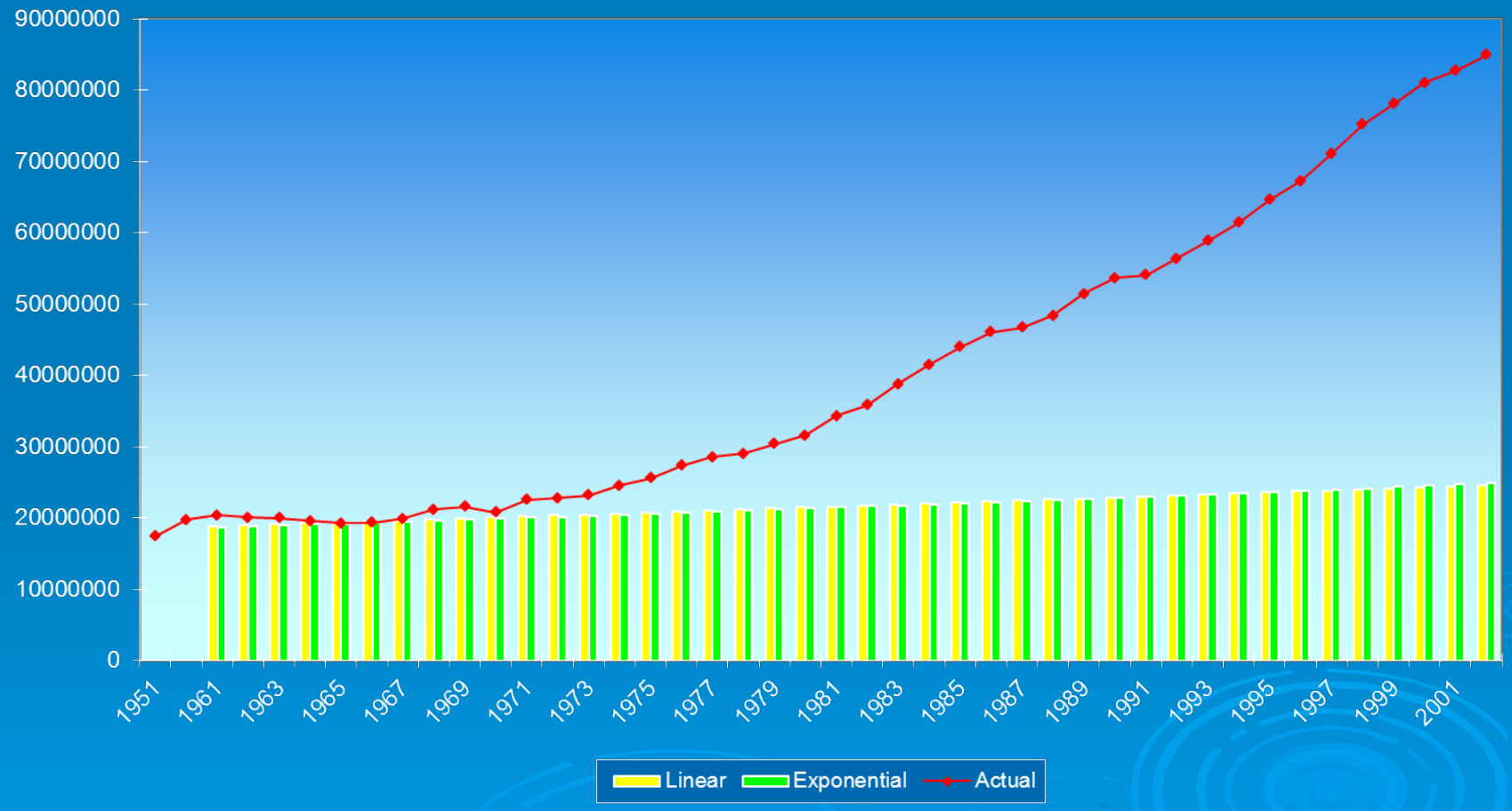
Procurement
Impact of Delicensing



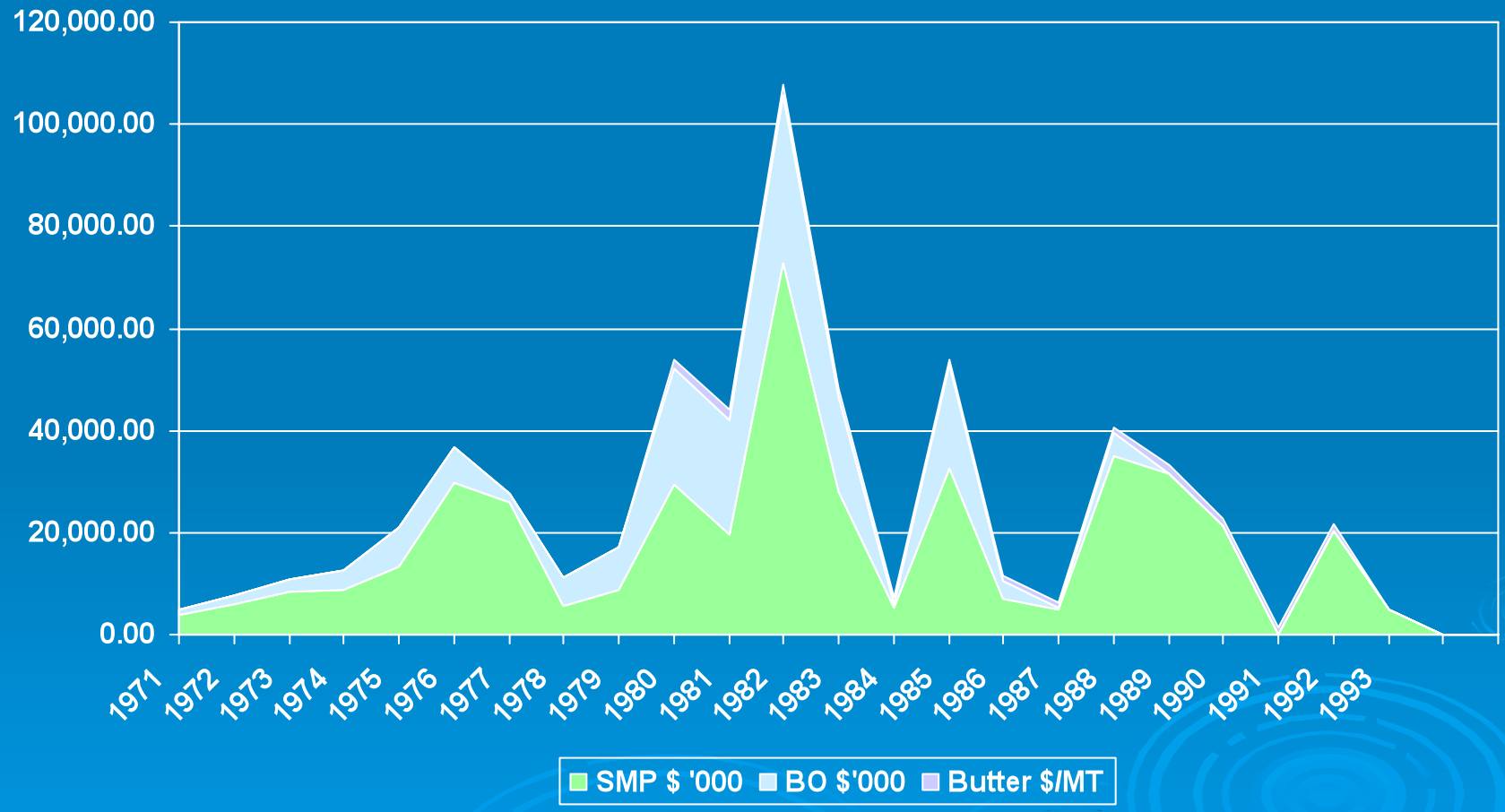
OF Lessons Learned: WB OED

- "A well-conceived investment project in support of an already adopted and appropriate policy change can produce results out of all proportion to the investment involved. This occurs in part because it solves the "ownership" problem, in part because it avoids having to create an institution at the same time that the new institution is being expected to implement the project, and in part perhaps for a number of reasons not yet well understood."
- "By raising incomes, an apparently simple single-commodity project can have multiple beneficial effects, including nutrition, education (especially of girls), and job creation."
- "By focusing the project on a predominant activity of the poor, 'self-selection' is likely to result in a major portion of the beneficiaries being poor."

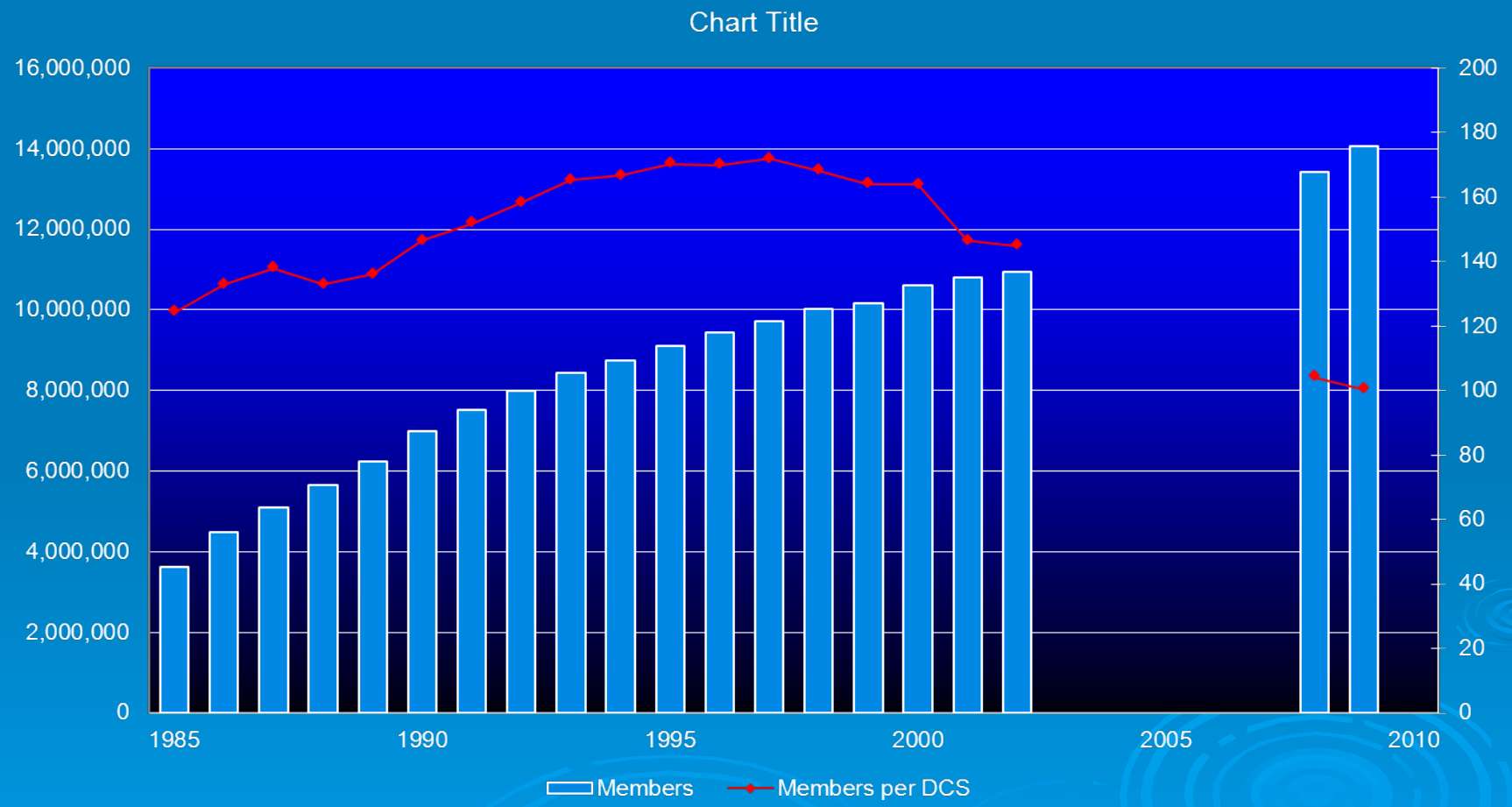
Actual National Production Compared with Linear and Exponential Projection of pre-OF Production Trends



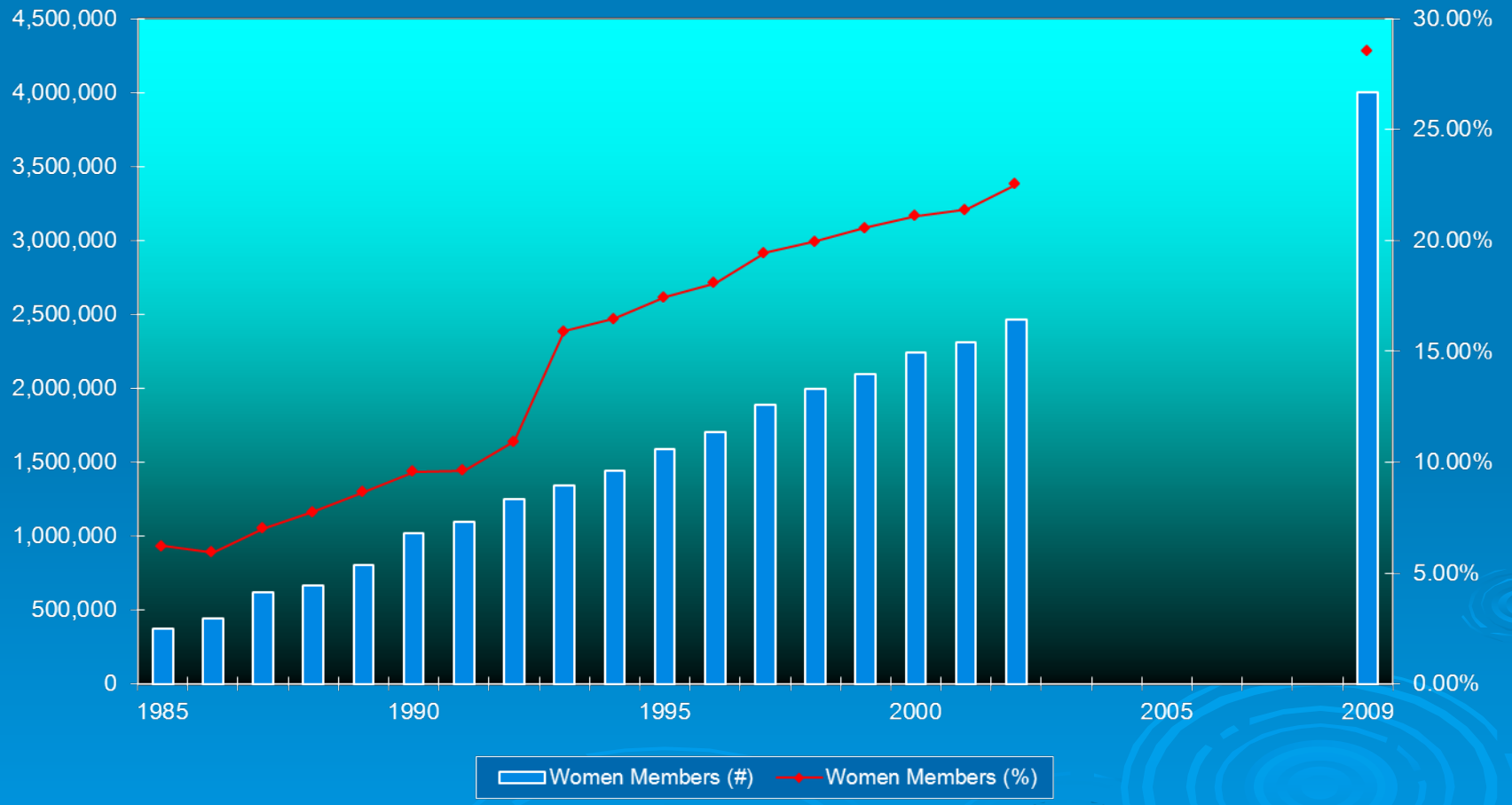
Annual Donated Commodity Receipts
(US [constant] $‘000)



Number of Members



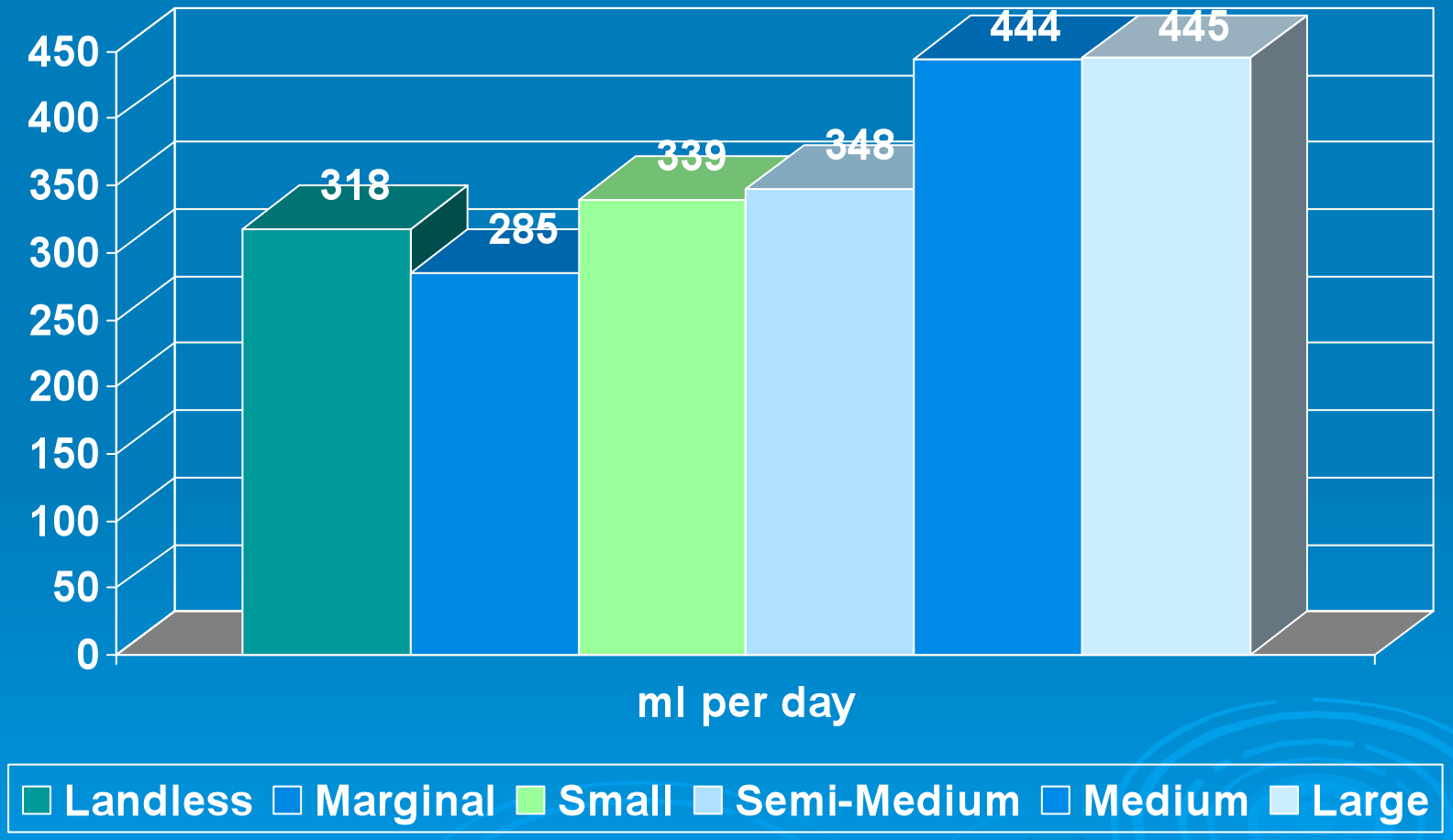
Women's Membership



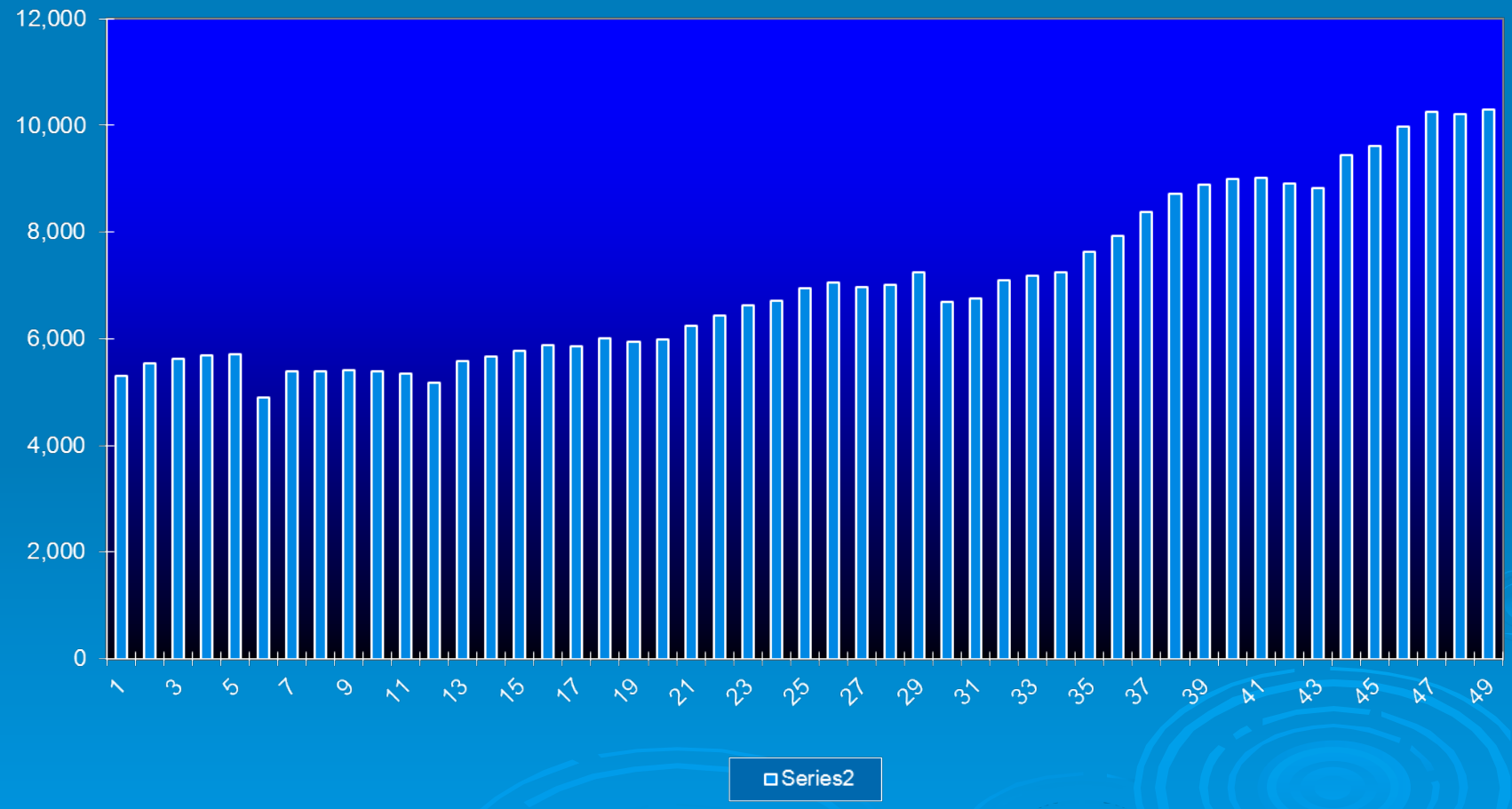
Composition of Member Households

	Total HHs	Member HHs	Other HHs
Landless	18.46%	15.32%	26.14%
Marginal	36.26%	38.19%	31.55%
Small	20.83%	21.86%	18.31%
Semi-Medium	10.29%	10.29%	10.28%
Medium	4.68%	4.18%	5.91%
Large	9.48%	10.16%	7.81%
Total	100.00%	100.00%	100.00%

Milk Consumption by Milk Animal Owning Households



Change in Average Milk Animal Yields (Hg/Annum)



The Challenges Ahead

Three major challenges face Indian cooperative dairying:

1) Rapid income growth combined with population increases require enormous increases in milk production to meet demand
2) Well-financed competition is growing, not only in product markets, but even in fluid milk sales
3) Many cooperatives, long parastatal in character, lack the agility to compete effectively

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Is there a role for dairy cooperatives in modern India?

If so, how can they best respond to this challenge?

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- Financing vs. development
- Organizational cultures

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