



## Role of Andhra Pradesh Dairy Development Co-Operative Federation in Rural Economic Development

\***G.SANTOSH KUMAR** MBA, M.Phil., Assistant Professor, Department of Business management, Sri Visvesvaraya Institute of Technology and Science, Mahabubnagar Dist.Cell: 8121794808,E-mail:china.mar21@gmail.com.

\*\***P.SHIRISHA** MBA, M.A (English). Assistant Professor,, Department of Business management, Adarsh PG College of Computer Sciences, Mahabubnagar Dist. Cell: 9391222248,E-mail:shiri.may30@gmail.com

### ABSTRACT

Andhra Pradesh is one of the agriculturally most advanced states in India but still has high levels of rural poverty. The sustenance of rural livelihoods is currently at stake than ever before, in the face of economic liberalization. Livelihoods options are shrinking in rural areas in general and more so in eco-fragile regions, such as drought, desert prone, hilly areas and other under developed /backward districts. Rapidly growing markets for livestock products in general, and dairy products in particular are opening new avenues for enhancing rural incomes. Dairy farming plays significant role in sustaining the rural livelihoods, although the phenomenon of farmer's suicides, migration, malnutrition/ill health are widely prevalent in rural India. However, some of the dairy based drought prone districts made rapid strides in ameliorating poverty by substantially contributing to the District/State agriculture economy.

Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial,

political or religious discrimination for elimination of poverty. They practice honesty, openness and social responsibility in all their activities. One among them is the **Andhra Pradesh Dairy Development Co-operative Federation** which is a statewide enterprise of co-operatives for dairy development. The APDDCF initiate development programs to provide effective leadership and management skills to milk producers to help them manage their own business and develop infrastructure for processing of milk and manufacturing dairy products as to integrate dairy development with rural development efforts and provide greater employment to the poor in rural areas.

### INTRODUCTION

Dairy is looking to take advantage of the opportunities which are in galore available for all milk manufacturers. The dairy sector offers a good opportunity for those who are looking for new and expanding markets. While the farming sector is more or less stagnant, the dairy sector has seen much activity. In the past 15 years, milk production in India has doubled and is now over 100

million tons a year thus becoming India's No.1 farm commodity. Indian dairy sector contributes the large share in agricultural gross domestic products. Milk production in the country has increased from about 21.2 million tons in 1969 to 91 million tons in 2004-05 (Department of animal Husbandry and Dairying (DAHD), GOI, 2005). The per capita availability of milk increased from 112 grams in 1969 to 232 grams in 2004-05 and also kept pace with the growing population (DAHD, GoI).

India's milk production is expected to grow about 3 per cent per annum. However, due to increasing population, per capita availability of milk is expected to increase by only about 1.5 per cent per annum. For an economy growing about 8 per cent per annum, this increase in availability will be grossly inadequate. Production growing at only 3 per cent and consumption growing at more than double the rate leads to a mismatch between demand and supply. This creates opportunities for new entrants to this industry.

Andhra Pradesh has the largest population of cattle cows and Buffaloes .Total cattle population stood at 473mn. More than fifty percent of the buffaloes and twenty percent of the cattle in the India are found in Andhra Pradesh and most of these are milch cows and milch buffaloes.

APDDCF, as an enterprise of farmers for Dairy Development, had its genesis in from 1960 as Integrated Milk Project and led by 1981 as Andhra Pradesh Dairy Development Co-Operative Federation, with a three tier cooperative structure:

- Primary Co-Operative Societies at Village Levels
- Milk Unions at District Level and
- Andhra Pradesh Dairy Development Co-Operative Federation at State Level

The main objectives of the Federation are:

- Organize Co-operatives of milk producers at village and district levels
- Provide essential inputs to enhance milk production, feed and fodder production, cross breeding programs, and veterinary aid
- Initiate development programs to provide effective leadership and management skills to milk producers to help them manage their own Co-operatives
- Develop infrastructure for processing of milk and manufacturing dairy products
- Enable marketing of quality milk and milk products
- Fulfill the needs of milk and milk products of consumers within the State
- Develop new products and packaging lines in tune with the changing scenario of consumer needs
- Integrate dairy development with rural development efforts and provide

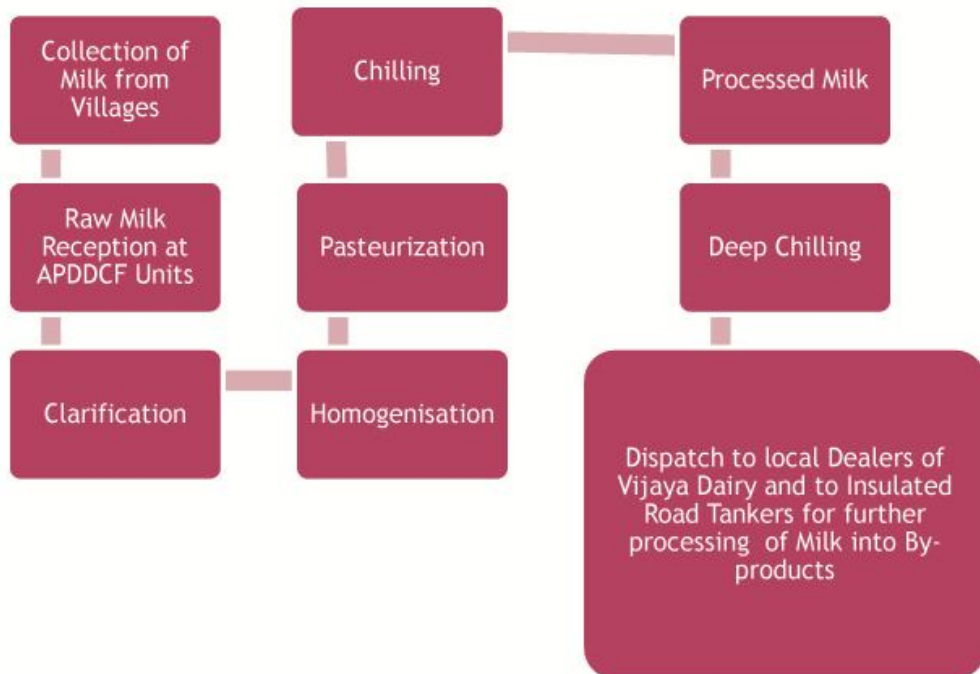
greater employment to the poor in rural areas

Andhra Pradesh Dairy Development Co-Operative Federation operations cover all over 11 districts fully in the state of Andhra Pradesh. APDDCF offers a wide spectrum of milk products in India, under the brand name VIJAYA .APDDCF designed, implemented in multiple interventions along the value chain and brings more than 3.25 Lakh liters of milk to market daily. Most of Andhra Pradesh rural poor, daily milk sales happen from the few cows they own which are an essential part of their income. Yet the entire process from taking the milk to a market to selling it and collecting payments is fraught with inefficiency and unfairness. Activity started with Milk Procurement initiative at village level from where milk is transported to Bulk Milk Cooling Unit (BMCU) located at mandal level. Once Samakhyas gained experience in milk procurement and they started taking initiatives for establishment and improvement of backward linkages such as fodder, feed, animal health services, etc. **Society for Elimination of Rural Poverty** (SERP), in convergence with APDDCF has

taken forward the activity to 158 mandals in the State covering 2806 villages and 1,38,910 milk producers so far APDDCF created employment for 1, 38,910 rural poor and 70% of them are women .under SGSY, the only self-employment programme for rural areas, about 35 per cent *swarojgaries* opted for dairy farming as income generating activity. The incremental employment generated was 11 man-days per month and the incremental net income generated was Rs. 865 per month per person (Nationwide Study on SGSY, NIRD, 2005).

APDDCF developed a computerized quality testing machine, which makes the process transparent and fair to the farmer, and buys exclusively from women—a decision which has increased the status of the women, while developing a positive brand image for India's largest food products business. There are several financial incentives provided by the governments for setting up infrastructural facilities for milk production. The National bank for Agricultural and Rural Development (NABARD) assists farmers with loans and refinancing facilities for dairy farming.

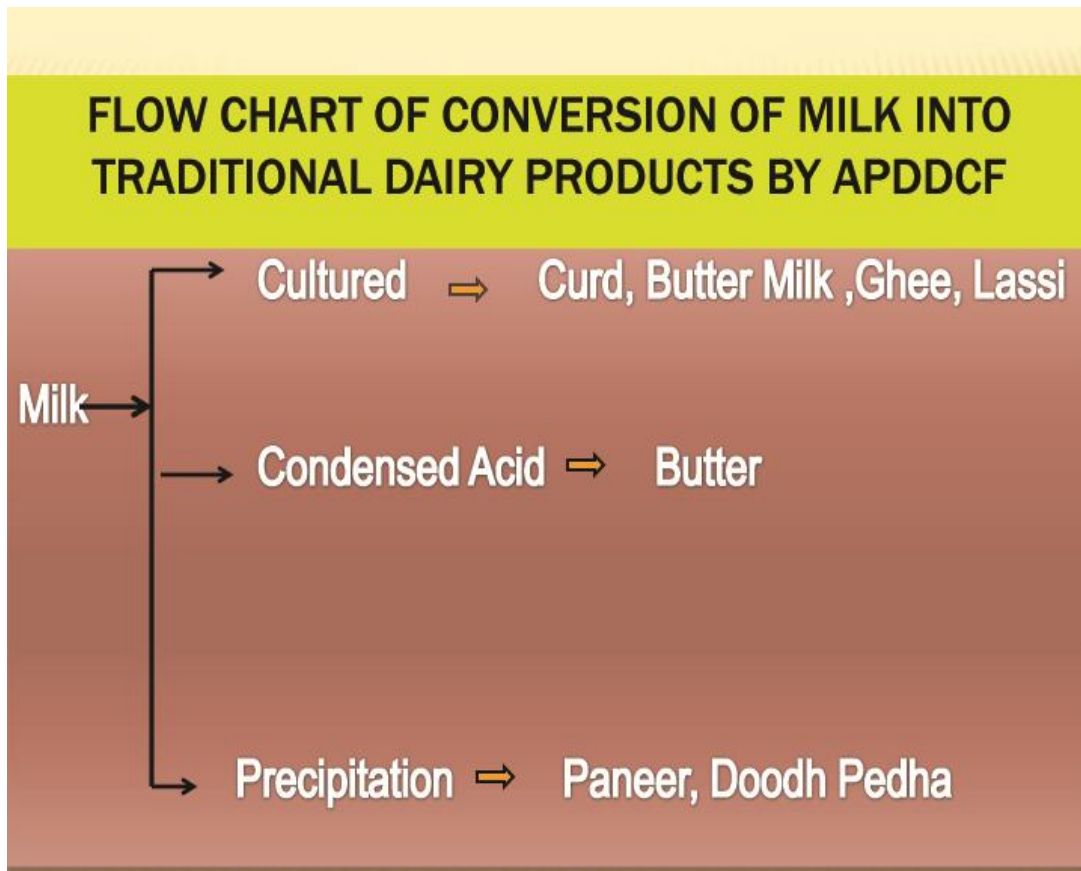
### The Process Flow Chart of APDDCF



APDDCF wants to get into bigger markets and have bigger shares in those markets. The cooperative is also expanding its product portfolio further to match rival offerings – particularly those of Tirumala, Heritage, Nandi, Amul, Vishaka, Gayitri, Durga, Balaji etc in Andhra Pradesh.

While APDDCF still may not have a product portfolio as large as rivalries, which is also expanding across the country in a big way and is a much bigger player, it's doing its bit. APDDCF says the idea is not just to enter new markets, but to do well in those markets

- which mean bigger market shares in the different product categories in whichever market it is present. The drivers will be value created through quality of the offerings as well as innovations in products. This will, of course, be backed by relevant marketing and promotion campaigns. APDDCF are bringing in mass flavours which are building up in terms of absolute percentage of contribution. Take the case of Badam Milk. It started off very slow but today, APDDCF claims it's growing through conversion of milk into by-Products and increase market share by providing consumer with various products.



On the marketing front, APDDCF says it's trying to take its product campaigns and communications to a higher platform. For instance, in the case of milk, the campaigns do not talk about the obvious benefits - milk is good for health, it has calcium and so on - but rather it targets everyone and are created around ideas such as "**Milk is Health,**

**Health is Wealth**". It started promoting in the ways to attract the Welfare Associations to expand its market through various offerings etc. from rivalries. APDDCF helps to organize the industry and give this Dairy sector a distinct advantage. APDDCF allow for much easier marketing of the end product as compared to other businesses.



GIFTS GALORE

# Good News for Residents' Welfare Associations

**Great Opportunity to Earn**

## Total Income Per Month Rs.6237/-

A Residents' Welfare Association by registering as **Vijaya Milk Booth Agent-cum-Milk vendor** and selling 100 litres of milk per day on advance Milk Card, can earn a commission of **Rs.2,250/-** per month, through which monthly wage of one person can be met, who may be employed as vendor-cum-Helper by the Association.

**Buy Bi-Monthly Milk Card and Get Sterilized Flavoured Milk FREE\*\***

**FREE\*\***  
An incentive of 100 Bottles of Vijaya Sterilized flavoured (Badam) milk worth Rs.1200/- is offered free for every 100 litres of Bi-monthly milk card purchased by the Association.

**No hidden charges**  
Save at least 2.5% on credit card charges

Buying this card assures delivery of Milk and no fleecing by milk vendor.

Goodwill for Associations out of profitable business

RWA Registration Free No renewal fees.

The Residents Welfare Associations will have an option to get a **BOTTLE COOLER\*\*** from the Federation on 50% Spot payment, the balance 50% will be recovered in monthly instalments for one year period, with not more than EMI of Rs.600/- pm, on **INTEREST FREE\*\*** basis.

The Margins on products that can be earned by Association by sale of products per month are as follows\*\*.

500 Pkts of Butter Milk	Rs.500.00
100 Bottles of S. flavoured Milk	Rs.240.00
100 Pkts of Paneer 200 Gms	Rs.501.00
100 Boxes of Dood Peda 200 Gms	Rs.391.00
100 Packs of Ghee 500 ML	Rs.784.00
100 Packs of UHT 500 ML	Rs.123.00
100 Packs of UHT 1 Litre (Brick Pack)	Rs.248.00
<b>Total</b>	<b>Rs.2787.00</b>
* Commission on Sale of Milk at 100 Litres per day by purchase of Milk Cards	Rs.2250.00
MRP of 100 Free Bottles	Rs.1200.00
<b>Total Income per month**</b>	<b>Rs.6237.00</b>

Products available without this scheme also.

**Trust Vijaya for Purity & Price.**  
Always committed to consumer and quality at best price

Commission Per Month to Residents' Welfare Association

**100 Litres\* - Rs.2250/-; 200 Litres\* - Rs.4500/-  
300 Litres\* - Rs.6750/-; 500 Litres\* - Rs.11250/-**

The Associations will get preferential service of providing products at price to retailer which can be sold at MRP or discounted price to the consumers. The products like

- Butter Milk
- Flavoured Milk
- Dood Peda ● Paneer
- UHT Milk

etc. shall be supplied at less than the MRP rates.

Consumers will get **Rs.12/- discount per bi-monthly card of 1 litre X 2 months = Rs.24/-**

**Save Rs.30/-\* per month X 2 months = Rs.60/-**

**Total saving on 1 litre bi-monthly card Rs.24/- + Rs.60/- = Rs.84/-**

No Hike in Vijaya Milk Prices while other brands have raised by Rs.1/- per litre. (Save Rs.30/- per month)

Product & Pack	MRP
Butter Milk 200 ML	4.00
St. Flavoured Milk 200 ML (Badam Milk)	12.00
Paneer 200 Gms	30.00
Cooking Butter 500 Gms	80.00
Dood peda 200 Gms	30.00
Khova 200 Gms	32.00
Suprabhatam 500 ML	13.50
UHT Std. 1 Litre (Brick Pack)	30.00
Ghee 500 ML	95.00

*Avail further discounts on Bulk Orders*



**VIJAYA**  
Simply the Best.

**The Andhra Pradesh Dairy Development Co-operative Federation Limited**  
 Lalapet, Hyderabad - 500 017. (A.P.) Ph: 27019851 to 27019856  
 Fax : 040-27019938 E-mail : gmmkt.apddcf@gmail.com;  
 ssa.apddcf@gmail.com Visit our website: www.apddcf.gov.in

**For further details contact: General Manager (Mktg.) 98481 82505  
 Deputy General Manager (Mktg.) 98489 30015**

APDDCF assure the farmer of not only a market for their product but also take care of logistical issues like transportation and containers. The farmer is spared these costs as well as the cost of putting up a retail outlet. Andhra Pradesh Dairy Development

Co-operative Federation ltd. (APDDCF) is providing milk marketing support to dairy farmers in the state through 9 milk unions and direct federation units. The federation and district unions procure 37.24 crore litres of milk per annum through a network of 456

milk routes, 9154 milk collection centres covering 10249 villages. Unlike private dairies, the APDDCF is procuring milk beyond its requirement to help the farmers. Its factory has a capacity to handle only 4 lakh litres a day, including 30,000 litres of by-products such as flavoured milk, butter, khova, lassi. The earnings of the farmers through the APDDCF are around 225 Crores projected in a year.

APDDCF allow for stable selling rate which does not change even when they yield is surplus. Payments are guaranteed to milk producers and ensured within a maximum of

30 days. The per day procurement shot up from 3.90 lakh litres in August to 4.69 lakh litres in September. It touched 5.27 lakh litres in October and 5.93 lakh litres in November. In December, milk procurement is projected to be 6.29 lakh litres. The payments are made based upon the following. APDDCF has increased the milk procurement price with effect from September 1, 2013. The purchase price has been increased by Rs. 10 per kg of fat from buffalo milk and Rs. 5 per kg of total solids from cow milk. Depending on the quality of milk, the enhancement will work out to Rs. 1 per litre of buffalo milk and 65 paise per litre of cow milk.

## Key Indicator: Milk Purchase Price

### Buffalo Milk/ - Rs. P/Ltr. [Kg. Fat]

Year	Rs. P/Ltr.
2003	16.50
2004	17.00
2005	17.50
2006	19.50
2007	22.50
2008	26.50
2009	29.20
2010	36.02

At 10% Fat

### Cow Milk – Rs. P/Ltr. [Kg. Total Solids]

Year	Rs. P/Ltr.
2003	8.32
2004	9.10
2005	9.36
2006	9.75
2007	11.44
2008	12.74
2009	13.72
2010	15.06

At 13% TS

APDDCF plays an important role by eliminating middlemen and the associated costs by arranging the Bulk Milk Chilling

Units under various government schemes in the state of Andhra Pradesh.

### BMCUs Established under GOI/GOAP Schemes

Sl	District	SCHEME							Total
		CMP	DF	IDDP	PADA	PMP	RKVY	SAP	
1	ANANTAPUR	8		9		3	13		33
2	MEDAK	11	1	6		2	1		21
3	KADAPA	4			6	3	7		20
4	MAHBUBNAGAR		1	9		2	3		15
5	CHITTOOR					3	10		13
6	WARANGAL			10		1	1		12
7	EAST GODAVARI						10	1	11
8	NIZAMABAD			6		2	3		11
9	KHAMMAM			2		2	2	1	7
10	WEST GODAVARI						5	1	6
11	KARIMNAGAR			2		1			3
12	NELLORE					1	2		3
13	RANGAREDDY					1	2		3
14	KRISHNA						2		2
15	VISAKHA							2	2
16	ADILABAD					1			1
17	GUNTUR					1			1
18	KURNOOL					1			1
19	NALGONDA					1			1
20	PRAKASAM					1			1
	<b>Grand Total</b>	<b>23</b>	<b>2</b>	<b>44</b>	<b>6</b>	<b>26</b>	<b>61</b>	<b>5</b>	<b>167</b>

APDDCF looked at all its operations, strengths and weaknesses as well as opportunities available, and came to the conclusion that it had to become more customer centered. This required paying close attention to the customer needs and quality. APDDCF realized that the entire supply chain had to conform. Hence it launched a “Total Quality Management” to ensure the high quality of the products from the starting point (the village farmer who supplied milk) right through the value chain until it reached the consumer. This meant the need for the involvement of farmers, transporters, factory personnel, wholesalers and retailers, each of whom had a role to play.

APDDCF along with SERP promoted the dairy a safe sector to venture into. They are:

- The demand for milk and its products is active year round. Demand for Milk is increasing day by day.
- Dairy farming does not need skilled labor, thus reducing costs and making availability of labor easy.
- Unlike other agricultural sectors, Dairy is not dependant on rains and production goes on year round.
- Returns on this business are available within a month. Today, virtually no other business offers such a short gestation period.
- Use of by products provides additional income and increases



returns. For example dung can be used to produce biogas for cooking and even as manure and compost.

- Veterinary Aid is available at most of the villages in India.
- There is no direct competition from the foreign counterparts.

In India, farmers carry on dairy activity secondary to their main agricultural activity. Also, dairying is carried on in a traditional manner as was being done by past generations. For example, the same patterns of feeding and watering are followed as was being done years ago. Most of scientific and modern methods, proper training and proper counseling is being provided by the APDDCF under various development programs in order to avoid the losses and providing a hand to the farmers to develop in the Dairy by purchasing the milk at correct prices according to fat content and promptly paying and also providing the feeds, fodder, animal health services, strengthening the milk marketing infra structure facilities and training to farmers with regard to various techniques and processes of dairy farming. APDDCF is increasing the economy of the country by poverty reduction and ensuring sustainable livelihoods and rural prosperity through dairy farming.

## REFERENCES

1. [www.indiadairy.com](http://www.indiadairy.com)
2. [www.apddcf.gov.in/sap.html](http://www.apddcf.gov.in/sap.html)
3. [www.thehindu.com/todays-paper/tp.../apddcf-to.../article938421.ece](http://www.thehindu.com/todays-paper/tp.../apddcf-to.../article938421.ece)
4. [www.serp.ap.gov.in/DAR/files/Dairy/DAIRY.htm](http://www.serp.ap.gov.in/DAR/files/Dairy/DAIRY.htm)
5. [www.efreshindia.com](http://www.efreshindia.com)
6. [www.fao.org](http://www.fao.org)
7. [http://www.nird.org.in/nird\\_docs/ven\\_finrepo.pdf](http://www.nird.org.in/nird_docs/ven_finrepo.pdf)
8. Dairy Development in India: An Appraisal of Challenges and Achievements by V. Venkatasubramanian, A.K. Singh , S.V.N. Rao
9. Opportunities and Challenges in the Indian Dairy Industry – Dr. K. G. Karmakar and Dr. G. D. Banerjee.