

# Is demand to raise milk procurement price, reasonable?



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Members of the Tamil Nadu Dairy Farmers' Association have threatened agitation if their demand to raise procurement prices of milk by Rs.10 a litre is not fulfilled. The reason they cite for their demand is that the prices of milch cows and milk production cost have been increasing.

The questions raised in the wake of their demand are: While the private companies actively involved in milk sale are frequently raising milk prices, why cannot Aavin, the government entity, increase the procurement prices of milk? Will the rise in milk prices spell an increase in the poor dairy farmers' income? What will be the consequences if the milk prices are jacked up?

Increasing the milk prices is nothing new to India. Amul and Mother Dairy, the country's largest cooperative dairy organizations, have been increasing the milk prices in proportion to the rising production costs. On October 15, Amul increased the price of buffalo milk from Rs.63 a litre to Rs.65 and the price of

other types of milk from Rs.61 to Rs.63. The private dairy companies in Tamil Nadu in 2022 increased the milk price Rs. 15 to Rs.20 more than the Aavin milk price. It was quite unexpected.

In Tamil Nadu everyday a total of 150 lakh litres of milk (84 per cent) is sold, out of which Aavin's share is just 30 lakh litres. When the price rise effected by the private organizations does not affect the consumers, how will Aavin milk price rise, if effected, affect the consumers?

### **Why price rise needed**

For poor dairy farmers, the only source of their livelihood is milk production. There are about 23 lakh dairy farmers who are members of the Aavin cooperative societies. Most of them are landless, small and micro farmers. According to the executive council set up for the cattle and milk production under the 12th Five-Year Plan (2012-17), about seven crore farming families are involved directly in milk production, of which 75 per cent families are small landless farmers.

As farming inputs, the milch animals' prices have increased manifold recently. The prices of fodder needed for milk production such as grass, haystack, oilcake, bran etc. have also witnessed an unprecedented rise.

According to the Commission for Agricultural Costs and Prices (CACP), in the past decade (2012-2021), the prices of dry fodder have increased 72 per cent and those of other types of fodder 61 per cent. As a result, the Tamil Nadu Cooperative Milk Producers Welfare Association has put forward a demand to the government to raise the procurement prices of milk.

The plight of milch animal farmers is tough now as never before. The shrinking grazing fields and the ill-maintained ponds and rivers have caused a paucity of fodder for the milch cows and in a cascading effect, the prices of fodder and the cost of maintaining milch cows have touched a new high.

## **Eradication of poverty**

It is generally said milk price increase will affect the poor greatly. But poorer are the dairy farmers. To say the truth, it is the milch cows which save most of the farmer families reeling under drought in a majority of the Indian villages.

In a survey conducted by the World Bank way back in 1999, it was revealed that it was rather the milch animals which bailed out the small and micro farmers when their cultivation of crops caused them lots of losses.

India had long been importing dairy products. Then, it was the poor dairy farmers who contributed much to upgrading of India as a country with the highest milk production. Again, it is they who chipped in with their mite to the success of white revolution, developing the cooperative societies through Amul-Anand in Gurajat, which is manufacturing standard dairy products. According to some data, the Amul organization freed the farmers from the clutches of poverty, paying them due prices for milk they produce.

Income from milk production has played a pivotal role in shoring up the rural economy, reducing the poverty level of the people in the villages. But the lot of the milch animal farmers in states such as Tamil Nadu is anything but good. Owing to the increase in fodder price, dairy farmers are getting less than they spend on milk production. Unless the milk procurement prices are increased in proportion to the production cost, the poor families dependent on the milch animals will be left in dire straits.

To say that milk price hike will affect the poor consumers is hardly right. Even most of the milk producers are very poor. Their hard work cannot be measured by any metrics. Unless the milk procurement prices are increased in proportion to the production cost, the economic independence of the rural women will greatly be affected. The quantity of milk procured by the government agencies gets reduced following the price increase imbroglio, it

will turn advantageous for the private corporates which will frequently raise the milk prices at their own whims and fancies.

So, it is imperative to raise the procurement prices of dairy products as done by Amul and Mother Dairy.

As given to the agricultural crops, milk must also be fixed the minimum support price. The union government must go all out to take initiatives in this regard.

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