

Performance Evaluation of Dairy Sector in Odisha: An Empirical Study of OMFED

Dr. Prabina Kumar Padhi

Guest Lecturer in Economics
Department of Management Studies
NIST, Berhampur

Abstract

In Indian context dairy sector occupies an imperative character in the country's economic development. It provides quality milk and milk products to people in both urban and rural areas. With a view to keeping pace with the country's increasing demand for milk and milk products, the industry has been growing rapidly. The industry is extended from the milk producers in the rural areas to the consumers in the urban areas all the way through performing various interim processes similar to collection, chilling, transportation, pasteurization, distribution etc. India is witnessing winds of transform as of better milk availability, a changeover to market economy, the performance dairy sector in the country shows encouraging trends, in terms of milk production, per capita availability of milk, sources of milk production, as also accessibility of Milk. The growth of Dairy activities in the State plays as influential role for up-gradation of socio-economic status of the rural poor. In particular the state like Odisha signifies the momentous growth in dairy sector with the help of Odisha State Co-operative Milk Producers Federation Ltd. (OMFED). In this regards the present paper is an attempt to put a lime light on the growth and development of dairy sectors in Odisha with a special reference to the OMFED. Along with this, the present study tries to explicate the performance evaluation of OMFED with its basic indicators i.e. physical achievement and financial achievement.

Keywords: Odisha State Co-operative Milk Producers Federation Ltd. (OMFED), Dairy Performance Evaluation, milk products

Introduction

Dairy Sector occupies a decisive part in providing food security, eliminating the level of poverty at the same time it helps to sustain the agricultural growth. In the context of India dairying is an indispensable component which contributes nearly 67% of the worth of amount produced of livestock sector. In contrast to this woman play an exceptionally significant part in miscellaneous dairying activities at the household level both in rural as well as urban areas. In India Dairy segment has fully developed gradually over the years. In appropriate to the consequence of sensible course of action and involvement, India places itself as a global leader in relation to the milk producing nations, attaining a yearly output of 137.68 million tonnes of milk throughout the year 2013-14 in comparison to the 132.43 million tonnes in 2012-13 observing a expansion of 3.96 percent. It represents

a relentless development in the accessibility of milk and milk products intended for the rising population. The sudden boost in the demand for dairy products in developing nation has given impetus in improving the milk manufacturing activities. In this context of India the role of dairy co-operatives, produce set of connections for the rural households spread from corner to corner in the nation. In the dairy development programme “Operation Flood” which is better supervised, managed and controlled by the National Dairy Development Board (NDDB) meant for underneath dairy sector from corner to corner throughout the nation. The brain behind the concept of operation flood was given by Dr.Vergheese Kurien commonly named as father of Indian white revolution. It was his idea which laid the foundation of white revolution in India. Even now it is considered to be one of the efficient and largest agriculture improvement programme throughout the world. Odisha is one of the least developed states in India in the midst of extremely levels of poverty. Mixed crop livestock farming is the most predominant farming system for over 80 percent of all rural households in the state. With very small and marginal operational holdings accounting for nearly 80 percent of the 3.94 million farms, escalating milk production possibly will be a proficient way to develop rural livelihoods. Consequently, cooperative milk supply societies and unions have been organized to solve the problem of the producers. In this circumstance the present study is an endeavor to come across about the trend and growth of Dairy Industry in Odisha by means of particular reference into the OMFED. This study also tries to explicate the performance evaluation of OMFED with its basic indicators i.e. physical achievement and financial achievement.

Objective of the Study

As compares to the technologically superior nations of the globe, dairy sector in India emerges as a key a key aspect for the socio-economic development. In the context of India dairying acts as a major ancillary in the direction of agriculture towards generating employment opportunities for small and marginal farmers and landless labourers. In consideration with this the present study is an attempt to attain an appropriate observation into the growth of the dairy industry of Odisha. By taking these into account followings are objectives of the current study.

- To study the growth and development of Dairy Industry scenario of odisha.
- To study the physical achievement of OMFED in Odisha with the changes that have taken place over a given period of time.
- To study the financial achievement of OMFED in

Odisha with the changes that have taken place over a given period of time.

Research Methodology

The present research paper is descriptive and based on secondary data. Time period of the data is six years from 2005-06 to 2015-16. The annual reports and financial statements of OMFED for different years collected for the purpose of analysis. Data and literatures are collected from the various issues of Economic Surveys and Periodical journals. The present paper also uses secondary data, which were collected from different websites, journals and newspapers. The data collected are tabulated and analyzed by the method of trend analysis.

Literature Review

Dairying has turn out to be a noteworthy ensuing resource of income for millions of rural families. In order to endow with imperative information of dairy industry and milk production following are the relevant literature which provides an attention in the scenario of dairy sector in India as well as Odisha.

Kariuki1, Ann N. and etal ,(2018) in their analysis they all try to explain the intensity of technological modernization within relative to product diversification which will improve the performance of Small Scale Milk Vendors (SSMVs) in Kiambu , Kenya. They have found that all the way through improved machinery and equipment was definitely connected through efficiency of informal dairy enterprises. Rahulmor Arvind Bhardwaj Sarbjit Singh,(2018) in their study every one of them are putting rigorous efforts to analyze the role of dairy sector in achieving the economic development of a nation. They have given strong emphasis upon the relevant literature in relation to the supply chain management practices in the Indian dairy sector further in their finding they have suggested the financial reimbursement in dairy industry can be achieved all the way through technical advance, elimination of worries, along with the innovative inclusive supply chain management practices. Rao Madhusudana (2017) in his conceptual paper he tries to examine role of dairy sector which provides an interlinking path in promoting both agriculture and industry. In his study he highlighted the need for better restructured methods towards redefining the growth and development Indian dairy sector. Gupta Sandeep,(2017) in his study the author tries to analyze the impact of dairy sector on social development. He also made attentive ideas in relation to the issues and challenges which are involved in the Indian dairy sector. Shiv Kumar and Md. Kashif Ansari (2016) in their paper both of them made a concrete effort to analyze the various areas of concern for enhancing the production

of Dairy sector in India which will ultimately helps towards improving the export trend of a nation. In general the particular study has given immense knowledge regarding the role of dairy sector in maintaining balance between export and import level of a nation. Prusty R. Suvashree and Tripathy Sudhakar (2016) in their analysis a comparative study was made towards estimating the marketed surplus and constraints of milk marketing in organized and unorganized sector in Cuttack district of Odisha. They also given importance upon to the low price and irregular payments were foremost milk marketing problems as well as suggested protective measures for getting marketing benefit; remunerative price with regular payment to the farmers is needed. S. Adyasha and Roy, G.P., (2014) in their study they have strong emphasis upon practices of supply chain management in Orissa State Cooperative Milk Producers' Federation Limited (OMFED), in Odisha. They also highlighted the role of transmission commencing on or after procurement, marketing of delivering milk and milk related goods to the consumers. Deshmukh M. S. (2014), in his study he has made an effort to analyze the role of dairy cooperative which plays an indispensable character in the overall improvement of a society. He also elaborates the suitable proceedings by and large for improving the efficiency of Indian dairy sector. S. Lipismita, Pattanaik A. K. 1 (2014) in their observation they had made attempt to explain the need for better incorporation of nourishment, wellbeing, and supervision in improving the performance of dairy sector. In general the above said concerns convey additional financially viable benefits en route for small holder farmers for enhanced assimilation of the conventional and mechanized systems of milk production ultimately augment the Indian dairy sector. T.Hima Bindu And S.E.V. Subrahmanyam (2012), in their study they have made an effort to study of operational efficiency, financial efficiency and growth of Dairy Industry in Andhra Pradesh using Z score analysis. Deepa Ingavale (2012) in her research paper tries to explicate the need of Government measures to enhance the effectiveness of milk and the per capita availability of milk.

Statement of the Problem

India, with her substantial dairy business mounting swiftly along with the route of transformation, intended for several decades to come. The dairy sector in India assumed to be multifaceted. In consideration to Odisha OMFED (The Orissa State Cooperative Milk Producers' Federation Limited) is the peak rank dairy cooperative society within all the District Unions are members. The role of OMFED such as Procurement of milk from the rural milk producers, provide technological, organizational, monetary in addition to this supplementary indispensable support in the

direction of improving the performance of the member unions. For this purpose this study is not very broad and mainly concentrated on the trend and growth of Odisha Dairy Industry with a special insight into the OMFED of Odisha.

Hypothesis of the study

H0: There is a significant improvement in the financial and physical achievement of OMFED
H1: There is not so much significant improvement in the financial and physical achievement of OMFED

Dairy Sector: Odisha Scenario

Odisha is considered as one of the emerging state of India by means of incredible agriculture and allied opportunity. Approximately its having land area about 1,55,820 square km in the company of thirty districts having a meager population of 4.19 crores. The economy of the state by and large depends upon agriculture and related subsectors which provides approximately 70 percent of gross state domestic product. Nevertheless this sector provides employment and sustenance, directly and indirectly more than 60 percent of state's total work force. In Odisha, around 80 percent of rural households depend on livestock and draw about 30 percent of their annual income is from livestock. About 85 percent of livestock are owned by the landless, marginal and small landholding families. Though India ranks first in the world in milk Production, Odisha contributes less than 2% of the total production of milk. Generally in Odisha most of the milk production is of the milk procured by the formal sector is usually sold in plastic pouches subsequent to pasteurization, homogenization and standardization to 3 percent fat and 8.5 percent solid non-fats or 4 percent fat and 9 percent solid non-fats under refrigerated conditions as 'toned' milk or cow milk respectively. In this context the role of dairy cooperative play an influential agent in strengthening the dairy sector which will boost the milk production. Furthermore, the cooperative systems are the impending catalysts for justifying the transaction cost, motivating entry into market and promoting growth of milk market in rural communities by paying farmers a remunerative, high price. Odisha was also not so far lagging behind in the implementation various programmes which have undertaken by the central authority. In relation to that the Operation Flood-I programme was started in Phulnakhara, Cuttack in 1970. This was a small scheme of collection and of 6000 lit/day from nearby societies of Puri and Cuttack and sold them after processing. The Operation Flood -II programme was started in 1981 which had covered four districts i.e. Cuttack, Puri, Dhenkanal and Bhubaneswar. The Orissa State Cooperative Milk Producers Federation Ltd started

functioning from 26th January 1981. Under these programme cattle feed plants 100mt capacity started functioning from September 1985. OMFED (The Orissa State Cooperative Milk Producers' Federation Limited) is one of the Milk Federation affiliated to the National Dairy Development Board (NDDB), situated at Bhubaneswar,

the state capital of Orissa registered under Cooperative Society Act – 1962. The federation, is capturing the market not only by production of great amount of liquid milk, but also selling number of processed milk products like curd, paneer, ghee, flavoured milk, butter milk, khoa etc.

Table1: Milk Production and Per Capita Availability in Odisha

Year	Production (in '000 MT)	Per capita availability (grams/day)
2005-06	1342.30	98
2006-07	1424.64	103
2007-08	1620.44	115
2008-09	1598.65	113
2009-10	1651.33	112
2010-11	1670.00	109
2011-12	1718.00	112
2012-13	1784.00	113
2013-14	1861.00	117
2014-15	1903.00	118
2015-16	1938.00	118

Source: Director of Animal Husbandry and Veterinary Services, Odisha

It is evident from table1 that the growth and development of dairy sector in Odisha is reasonably significant in character. Both in terms of milk production and per capita availability of milk has increased splendidly. The empirical data reveals that milk production (in '000 mt) in Odisha during the period 2005-06 to 2015-16 shows positive result i.e. 1342.30 to 1938.00. Accordingly the per capita availability of milk also increases to 118 grams/day in 2015-16 from 98 grams/day in 2005-06. It is still far behind the all India per capita availability of milk.

Prospects and Constraint of Dairy Scenario of Odisha

Given the increasing marketplace for milk and milk products dairy sector in our countryside offers an enormous prospect to enhance employment as well as livelihoods in rural areas. Furthermore Dairy Industry of Odisha has achieved a producer-owned and professionally-managed cooperative system. Notwithstanding the facts that a majority of dairy farmers are illiterate and run small, marginal operations and for many farmers, selling milk is their sole source of income. In this context followings are the major opportunities and challenges faced by the dairy sector Odisha;

Prospects

- Better export potential market for milk and milk related products.
- Massive requirement for fluid milk as well as value added products.
- Improved milk production as a result of enlarged accessibility of milk processing.
- Advanced transportation conveniences for movement of milk and milk products.
- Availability of skilled and experienced manpower for this industry

Challenges

- Unpredictability in milk quality due to collection of milk from different species.
- Lack of advertising opportunities for the promotion of dairy products.
- Prologue of foreign products that acts as substitute of dairy products in Indian market.

- Mounting chemical contaminants as well as lasting antibiotics in milk.
- Extreme grazing pressure on marginal and small lands, the outcome of which is complete degradation of land.

An overview of OMFED

Orissa State Co-operative Milk Producers' Federation Limited (OMFED) operates in Odisha, came into being 01.10.1980 with the objectives of promoting production, procurement, processing and marketing of milk and milk products for the economic development of the rural farming community. The federation had received funds from the Indian Dairy Corporation/ National dairy Development Board (NDDB) for implementation of different activities like milk processing, technical input programme, support to dairy cooperatives etc. under "operation Flood" Programme in undivided districts of Cuttack, Dhenkannal, Keonjhar Puri and Sambalpur.

It covers all the districts of the State. There are 5,281 Milk Producers Co-operative Societies (MPCS) with 2.68 lakh members under OMFED. Besides 12 milk unions covering all the districts have been affiliated to OMFED. OMFED has 13 dairy plants with 6.55 lakh litres capacity per day, 9 milk chilling centres with 1.95 lakh litres capacity per day, 345 bulk coolers with 5.41 lakh litres capacity, 1 milk powder plant with 5 MT capacity per day at C.S. Pur, Bhubanewar and one cattle feed plant with 200MT capacity per day at Khuntuni, Cuttack. During 2015-16, the Federation has procured 5.26 lakh and marketed 3.92 lakh litters per day. In addition, it has also marketed milk products viz. ghee, paneer, butter, curd and milk powder and agriculture/organic products viz. turmeric powder and mustard seeds produced by tribes in Kandhamal district.

Besides, OMFED has started producing fruit juice, pickles, jam, sauces and pineapple sip. The total turnover of OMFED during 2015-16 is Rs. 68,309.79 lakh which was more than 2014-15 ie., Rs.67,428.68 lakh. The important activities of OMFED are:

- Procurement of milk from the rural milk producers from their door step through the Dairy Cooperatives at a remunerative price
- Sale of milk and milk products to the urban consumers at an affordable price.
- Advice, guide and assists the Milk Union in all respects of management, supervision audit functions
- Render technical, administrative, financial and other necessary assistance to the member unions and enter in to collaboration agreement with someone, if the need arises
- Advise the member unions on price fixations, public relation and allied matters.

Performance Evaluation of OMFED

One of the most jeopardy in the area of public sector management is their performance evaluation. Although several attempts have been made in this connection it still appears to be at the crossroad. It is argued whether the objective should be financial or social in nature, pe helps an organization to evaluate the overall effectiveness of its own programme of management developments. Evaluation from this point of view may be defined as an ongoing evaluation of the quality style and determinants of the present performance and the behaviour and growth potential of the organization

Table No: 2 PHYSICAL ACHIEVEMENT OF OMFED

Year	Organized D.C.S.	Farmer Membership (No)	Milk Procurement (KPD)
2005-06	3377	204013	249369
2006-07	3822	224002	266548
2007-08	4387	236199	288270
2008-09	4625	246410	294383
2009-10	4684	244925	298823
2010-11	4835	253343	342663
2011-12	5022	260611	370179
2012-13	5155	267306	378936
2013-14	5281	272257	390257
2014-15	5409	277117	444473
2015-16	5503	267802	526257

Source: www.omfed.com

From the table no.2 it is found out that the number of dairy cooperative societies in Odisha is showing an increasing trend throughout the respective time period. It increases from 3377 in 2005-06 to 5503 in 2015-16. Similarly the farmer membership number also depicts a positive move as it has 20413 in 2005-06 which rises to 267802 in 2015-16. During the given time period milk procurement has been more than doubled along with its potential i.e 249369 in 2005-06 to 526257 in 2015-16. This achievement of OMFED in terms of its physical activities indicates a rising

trend for fulfilling the self sufficiency in the milk production of Odisha.

Similarly, Table no 3 makes an analysis about the financial achievement of dairy cooperative societies in Odisha from 2005-2016. In 2007-08 the net profit after tax is found to be negative whereas the gross profit shows an increase in this year. Till 2012-13 both gross profit and net profit after tax shows an increasing trend. In year 2015-16 the net profit after tax is again negative.

Table No 3: FINANCIAL ACHIEVEMENT OF OMFED

Year	Gross profit	Net profit after tax
2005-06	1152.23	103.70
2006-07	1152.24	27.81
2007-08	1489.82	(229.42)
2008-09	2472.38	280.44
2009-10	2446.52	345.35
2010-11	3018.19	226.26
2012-13	3543.41	489.74
2013-14	3498.14	27.74
2014-15	4144.16	226.42
2015-16	1488.58	-2403.58

Source: www.omfed.com

Findings and Suggestion

The major outcomes of the present study are as follows.

- It is derive that the milk production in Odisha is mounting throughout the time period. In 2005-06 it was 1342.30 MT which gradually enhanced to 1938.00 in 2015-16. Accordingly the per capita availability of milk also increases to 118 grams/day in 2005-06 from 98 grams/day in 2005-06.
- During 2007-08 the net profit after tax is found to be negative whereas the gross profit shows an increase in this year.
- Throughout the period i.e 2005-06 to 2012-13 both gross profit and net profit after tax shows a rising trend. Again in the year 2015-16 the net profit after tax is again negative.
- The number of dairy cooperative societies in Odisha is showing an growing tendency all the way through the

particular time period. in the same way the farmer membership number also depicts a positive move as it has 20413 in 2005-06 which rises to 267802 in 2015-16.

The dairy sector of India as well as Odisha is achieving an increasing trend of milk production and per capita availability of milk gram/day. It can survive rivalry if the respective methods should be taken for upliftment of dairy sector in India such as

- Provision of high quality genetic germplasm to milk producers and appropriate genetic material to milk producers.
- Delivering the products or services to producers as well as customers in the nearly everyone cost-effective approach as well as it ensure that high excellence of products and services are to be delivered.
- Acceptance of international principles for production and processing of milk is a pre provision meant for

improving the market share.

- It must ensure the skilled as well as well trained human resources for enhancing the milk production activities.
- Lastly the role of research and development should not be ignored which will be beneficial for further advancement in the dairy sector.

Concluding Remarks

Dairy sector in Odisha offers an immense opportunity to increase employment, incomes and livelihoods in rural areas. We need to transmit modern dairying and livestock management practices which are technology driven and are well-organized. It is believed that for maintaining self sufficiency in milk production there is a need of collective efforts of stakeholders, including milk producers, processors, supporting institutions, service providers and dairy professionals to towards achieving this sector socially, economically and environmentally sustainable.

References

- Ashraf Imam, And et.al,(2011), "Dairy Marketing Strategies In The Context Of Globalization: Issues And Challenges" International Journal Of Trade, Economics And Finance, Vol. 2, No. 2, 138-143
- B.R. Arvind Singh S,(2018)" A Structured-Literature-Review Of The Supply Chain Practices In Dairy Industry "Journal of Operations and Supply Chain Management V. 11 n. 1 14-25
- Beohar, B.B. And Sarawagi, A.K. ,(1999), "Marketing of Milk in Katni District Of Madhya Pradesh.) Indian Journal of Agricultural Marketing (Conference Special), 13(2):106.
- Bhanj, S.K. And Tripathi Hema,(2004), "Strategic Interventions Through Dairying For Rural Development." Journal Of Rural Development, Vol 23(1), P-83
- Bindu, T.Hima And S.E.V. Subrahmanyam, (2012), "A Study On Financial Health Of Dairy Industry In Andhra Pradesh Based On Z Score Analysis" International Journal Of Marketing, Financial Services & Management Research, Vol.1 Issue 12, pp 54-61.
- Deshmukh M. S. (2014), Growth and Performance of Dairy Sector in India", Voice of Research ,Volume 3 Issue 2, pp 39-44
- Gupta Sandeep, (2017) "Dairy Industries in India: Technological Implementation and Challenges", Journal of HR, Organizational Behaviour & Entrepreneurship Development, Vol. 1, Issue, 02. 8-
- Ingavale, Deepa, (2012), "A Study of International Trade Of Indian Dairy Industry", Indian Journal Of Applied Research, Volume: 1 | Issue: 12, pp. 127-128.
- Kariuki1, Ann N. and et.al ,(2018), "Technological Innovation and Performance of Informal Dairy Enterprises in Kenya: A Product Diversification Perspective "Journal of Business and Management Sciences, Vol. 6, No. 4, 163-170
- Kumar Shiv and Ansari Md. K,(2016) "An Analytical Study on the Export Performance of Dairy Industry in India", International Journal of Research - GRANTHAALAYAH ,Vol.4 (Iss.1) pp 153-157
- Panda L.N. and Mishra S. (2013), "A Project Report On "Status of Dairy Farming in Odisha", International Journal Of Innovative Research & Development, Vol 2, Issue. 5 pp. 221-232.
- Prusty R. Suvashree and Tripathy Sudhakar (2016), "Milk Market Structure In Cuttack District Of Odisha: Organized Vs. Unorganized Sector", Asian Journal Dairy & Food Research Volume 35 Issue 1, 28-32
- Rao Madhusudana, (2017), "Opportunities and Challenges in Dairy and Future a Head", Approaches in Poultry, Dairy & Veterinary Sciences, 2(1), 1-3
- Reddy, B. Parameswara, (2010), "Growth And Trend Discerning Of Indian Dairy Industry" Asia Pacific Journal Of Social Sciences, Vol. Ii(2), 105-125
- Reddy,B.P.M.(2008), "Development Of Dairy Industry With Special Reference To Nandi Dairy" Asia Pacific Journal Of Social Science, Vol 2, 193 – 208.
- S. Adyasha and Roy. G.P, (2014), "Supply Chain Management in OMFED-Creating Values through White Channels: A Case Study", Journal of Business and Management Sciences, Vol. 2, No. 3A, 33-40.
- Samal .L, Pattanaik A. K. (2014 ") "Dairy Production in India - Existing Scenario and Future Prospects", International Journal of Livestock Research, Vol 4(2), Pp 105-112

Www.omfed.com