



LOAN ASSISTANCE FOR DAIRYING

**An
Evaluation Study**

ISSUED BY :
BUREAU OF STATISTICS & EVALUATION
GOVERNMENT OF PONDICHERRY

INTRODUCTION

The Evaluation Report on 'Loan Assistance for Dairying' is the seventeenth issue in the evaluation series of the Bureau of Statistics and Evaluation, Pondicherry.

An attempt has been made in this report to evaluate the implementation of the loan schemes for dairying by the (1) Marginal Farmers and Agricultural Labourers Development Agency and (2) The Animal Husbandry Department, Pondicherry. The main purpose of this report is to assess the extent to which these two agencies have adhered to norms and priorities in implementing the loan schemes and their achievements in terms of physical and financial targets.

The willing co-operation extended by the Marginal Farmers and Agricultural Labourers Development Agency, the Animal Husbandry Department, the Co-operative Department and the Pondicherry Co-operative Milk Supply Society is gratefully acknowledged.

It is hoped that the report will be quite useful to all those who are concerned with evaluation of Plan Schemes, particularly to those who are interested in Dairy Schemes.

Pondicherry,
3rd October, 1972.

S. MUTHUBASAVAN,
Director.

EVALUATION REPORT ON "LOAN ASSISTANCE FOR DAIRYING"

Introduction :

The scheme 'Loan Assistance for Dairying' is being implemented by the Animal Husbandry Department from 1961-62 onwards. The Co-operative Department is also implementing schemes connected with dairy development although it is not directly giving loan assistance for the purchase of milch cows.

I Loan assistance by the Marginal Farmers Project

The Small Farmers-cum-Agricultural Labourers' Development Agency set up in 1970 assists small farmers, marginal farmers and agricultural labourers to obtain credit worthiness with a supervised use of credit. One of the schemes undertaken by the Agency is 'Loan Assistance for Dairying'. It aims at assisting the marginal farmers to purchase one cross-breed cow subsidising the capital cost by one-third and arranging the balance as short term loan from the Banks. The purpose underlying the scheme is to offer subsidiary employment to the marginal farmers holding one acre and below by arranging loan assistance for dairy development. The details of the scheme are given in the following paragraphs.

The Agency collects loan applications from the marginal farmers through the Village Level Workers who certify the area of their holdings and recommend them to the Co-operative Milk Supply Society which grants short term loans at the rate of Rs. 1,000 per head towards purchase of milch cows. After utilisation of the loan, the Agency grants $33\frac{1}{3}\%$ subsidy on the actual cost of the cows purchased and the subsidy amount is released to the society for crediting the same to the loanees' accounts. The loan carries an interest of $9\frac{1}{2}\%$ per annum. The Agency has granted also a risk fund of 8% and 3% on the total amount of the loans actually disbursed, to the Co-operative Milk Supply Society and State Co-operative Bank respectively.

Plan outlay and Expenditure :

A sum of Rs. 12 lakhs was provided for the dairy development programme under the project budget. For the year 1970-71 a sum of Rupees one lakh was earmarked.

Physical targets :

An overall target of 3,000 marginal farmers was fixed for the entire plan period. The targets for the years 1970-71 and 1971-72 were 250 and 1,000 farmers respectively.

Norms and priorities :

Applications received from the identified marginal farmers are selected according to the following norms and priorities :—

1. The marginal farmers holding one acre and below in the case of wet land and two acres and below in the case of rainfed dry land, are alone considered.
2. The applicant should not have tenancy to such an extent that the total of his owned and leased holdings exceed three acres in the case of wet land, four acres in the case of dry land.
3. He should be a cultivator by himself. If the applicant is a female, her husband should be a cultivator.
4. He or she should not have any other property or business (other than agriculture) providing additional income exceeding Rs. 1,000 per annum.
5. He should not have any overdues with the Co-operative Milk Supply Society/Bank/Village Credit Society either in respect of loans got for purchase of cows or in respect of any mid-term loan.
6. He should not have availed of more than one loan previously from the Co-operative Milk Supply Society/Bank for the same purpose.
7. He should not have benefited by any other programme of the Marginal Farmers and Agricultural Labourers Development Agency.

Priorities :

2. Marginal farmers having one dry cow are given second preference.
1. Marginal farmers having no milch cow are given first preference.
3. Marginal farmers who are members in the Co-operative Milk Supply Society having one milch cow and who have not availed of loans from the Society are given third preference.
4. The fourth priority is given to marginal farmers who are members of the Co-operative Milk Supply Society having one milch cow who have availed of one loan from the society but who do not have any instalment of loan pending.

Method of recovery :

The loanees are required to supply milk daily to the Co-operative Milk Supply Society and the loan amount would be recovered at the rate of Rs. 80 per month from out of the daily collection of milk at a fixed price of 82 paise per litre.

Object of the study :

The object of the study is to find out :

1. whether the possession of a cow had really augmented the income of the beneficiaries ;
2. whether there is sufficient public response to the scheme ; and
3. whether these loan is repaid in time and if not the extent of default ;

in respect of the scheme "Loan Assistance for Dairying" as implemented by the Animal Husbandry and Co-operative Departments/ Marginal Farmers and Agricultural Labourers Development Agency.

Method of study :

For this purpose particulars were collected from the concerned department/agency in suitably designed schedules and questionnaires. A survey of 50 beneficiaries under this scheme (25 beneficiaries of Marginal Farmer's Agency and 25 beneficiaries of Animal Husbandry Department) was conducted in order to find out whether the loans have been properly utilised and how far the loanees were benefited by the scheme.

Findings of the study :

The scheme was taken up for implementation during the year 1970-71 in two communes of Pondicherry region viz., Bahour and Ozhukarai. The target is to cover the entire Pondicherry and Karaikal regions by the end of the Fourth Plan at the rate of four communes per year. As mentioned earlier, 250 farmers were proposed to be given assistance for the purchase of milch cows during the year 1970-71. 330 applications were received by the Agency from the marginal farmers. Out of these only 192 applicants were reported to be found eligible according to the norms prescribed by the Agency and were selected for the grant of loan by the Pondicherry Co-operative Milk Supply Society. Out of these applicants the society sanctioned a sum of Rs. 1.06 lakhs towards loans to the 115 applicants only and the agency granted a sum of Rs. 35,633 against subsidy towards one-third capital cost. Besides as already stated a risk fund of 8% and 3% on the total amount of loans was also granted by the Agency to the Society and State Co-operative Bank respectively.

Out of 91 villages in the two communes of Bahour and Ozhukarai where the scheme was taken up in 1970-71 only 9 were covered. The following tables shows the distribution of the 115 beneficiaries according to villages (residence) :—

The 330 applications received were from 28 villages in these two communes.

Sl. No.	Commune/ Village	Number of beneficiaries
(1)	(2)	(3)
<i>Bahour Commune</i>		
1.	Kuruvinatham	40
2.	Soriankuppam	16
3.	Bahour	4
<i>Ozhukarai Commune</i>		
1.	Kalapet	33
5.	Muthirapalayam	10
6.	Karuvadikuppam	5
7.	Kavundampalayam	3
8.	Arumathapuram	2
9.	Ozhukarai	2
Total		115

From the above table it may be seen that Kuruvinatham village in Bahour commune and Kalapet village in Ozhukarai commune had the maximum number of beneficiaries. 73, i. e., nearly two-thirds of the total number of beneficiaries were selected in these two villages alone.

It was reported by the Agency that the target of 250 farmers could not be achieved due to want of applicants satisfying the norms fixed for the issue of loans. Even among the selected farmers there were some who did not satisfy the norms in respect of the area of land holdings. The following table gives the distribution of 25 sample beneficiaries (selected at random) according to area of operational holdings:

Area of Operational Holdings (in acres)	Number of sample beneficiaries	Percentage to total
1	2	3
<i>Owned land only :</i>		
0—1	5	20
1—2	5	20
2—3	2	8
3—4	—	—
Above 4	1	4
Sub-Total	13	52
<i>Owned and leased land :</i>		
0—1	4	16
1—2	2	8
2—3	3	12
3—4	2	8
Above 4	1	4
Sub-Total	12	48
Total	25	100

It may be seen from the above table that three beneficiaries (12%) having owned lands in excess of 2 acres and one beneficiary (4%) having owned and leased lands in excess of 4 acres, did not satisfy the norms fixed in respect of land holdings.

The distribution of sample beneficiaries according to their annual income is given in the following table :

Income (in Rupees)	Number of sample beneficiaries	Percentage to total
1	2	3
Less than 1,000	1	4
1,000 to 2,000	13	52
2,000 to 3,000	6	24
3,000 to 5,000	3	12
5,000 to 7,000	1	4
7,000 and above	1	4
Total	<u>25</u>	<u>100</u>

It may be seen from the above table that 56% of the sample beneficiaries had an annual income below Rs. 2,000 another 36% between Rs. 2,000 to Rs. 5,000 and the remaining 8% above Rs. 5,000.

Data was also obtained on the number of milch cows owned by the sample beneficiaries when they applied for loans. The following table gives the distribution of sample beneficiaries according to the number of milch cows owned by them :—

Particulars	Number of sample beneficiaries	Percentage to total
1	2	3
No cow	14	56
1 cow	5	20
2 cows	2	8
3 cows	3	12
4 cows	—	—
5 cows	1	4
Total	<u>25</u>	<u>100</u>

It may be seen that 11 beneficiaries possessed one or more cows when they applied for milch cow loans.

Disbursement of loan :

The selected farmers were granted a loan of Rs. 1,000 each. This amount was not given to them in cash. A representative from the Marginal Farmers Agency would take the farmers to cattle fair and purchase the milch cows which would be handed over to them. The difference if any, between the loan amount and the cost of the cow, would be credited to the respective farmer's accounts. The distribution of 115 beneficiaries according to the actual amount disbursed to them (cost of the cow) is given in the following table :—

Amount of Actual loan (In Rupees)	Number of beneficiaries
500—600	14
601—700	—
701—800	2
801—900	2
1,000	97
Total	115

From the above table it may be seen that 97 farmers received Rs. 1,000 whereas the remaining 18 farmers received only an amount ranging from Rs. 500 to Rs. 900.

The sample farmers suggested that a technically qualified official from the Animal Husbandry Department should accompany them for purchase of cows in cattle fairs so that he could advice them in the selection of cross-breed and high milk yielding type of cows free from ailment and disease. They complained that

because of the absence of a technical man at the time of purchase, one of the cows which they have bought died within two months from the date of purchase and a cow belonging to another beneficiary (outside the sample) also died recently.

Milk Yield :

Particulars of milk yield of the cows purchased through loan by the sample beneficiaries are given in the following table :—

Milk Yield per cow per day at the time of purchase (1)	Number of cows (2)	Percentage to total (3)
Below 2 litres	—	—
2 to 3 litres	1	4
3 to 4 litres	4	16
4 to 5 litres	5	20
5 to 6 litres	15	60
Above 6 litres	—	—
Total	25	100

It may be seen that 15 cows (60%) yielded 5 to 6 litres of milk per day at the time of purchase.

Particulars of condition of the cows on the date of survey (last week of August 1971) were also collected and the same are presented in the table below :—

Particulars (1)	Number of cows (2)	Percentage to total (3)
Yielding	18	72
Dried up	2	8
Conceived	1	4
Sick	3	12
Died	1	4
Total	25	100

In the case of some (8) of the cows which were in the yielding stage, the yield of milk was reported to be not satisfactory.

Disposal of milk :

All the 25 sample beneficiaries stated that they were selling milk only to the Co-operative Milk Supply Society and not to private parties. Two of them have reported that they were retaining some milk for personal consumption.

Mode of recovery :

Views of the sample beneficiaries on the mode of recovery of the loans were also ascertained in the course of the field enquiry. Only 10 beneficiaries were in favour of the present mode of recovery, i. e., monthly instalment of Rs. 80 to be adjusted from the daily collection of milk. The remaining 15 stated that due to improper selection of high breed milch cows, the yield of milk was not upto their expectation and added that out of the meagre income derived from the sale of milk, it was difficult for them to pay the monthly instalment of Rs. 80 and also meet the maintenance charges of the cows. They pointed out that the cross-breed animals require more care and expenses than the country cows and that they have to spend nearly 3 to 4 rupees on them per day. They also reported that the purchase price of milk viz., 87 paise fixed by the Society was low when compared to the prevailing market rate of 92 paise per litre. In this connection, the economics of possessing a cow is furnished in the Appendix. This has been worked out in consultation with the Marginal Farmers and Agricultural Labourers Development Agency.

Progress of Recovery of Loan :

A sum of Rs. 1,06,900 has been issued to 115 marginal farmers during 1970-71. It has been ascertained from the Milk Supply Society that a sum of Rs. 15,046 is overdue from 47

loanees as on 1—4—1972. In other words 40.9% of the beneficiaries have overdue to the Society. The number of over-due defaulters is furnished below along with the reasons for the difference.

(1) Not yielding	17
(2) Poor yield	22
(3) Deserted the society	5
(4) Deceased	3
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Total	47
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It is pointed out that while the reasons in the case of 42 beneficiaries could be acceptable, in respect of deserted cases, it is felt that proper care should have been bestowed in selecting such applicants. It is further reported that 'not yielding' and "Poor yielding" are the result of improper selection of cows at the time of purchase in the shandies.

II. Loan assistance by the Animal Husbandry Department

As stated in the beginning, the Animal Husbandry Department is also giving loan assistance for the purchase of milch cows from the year 1961-62. The criteria for the grant of loans are very simple. If the applicant possesses property, one solvent person should stand as surety to him. Otherwise, two solvent persons are necessary.

The amount of loan is Rs. 500 and it is given in cash unlike in the case of the Marginal Farmers Agency. The loan bears an interest of 5½% per annum and is recoverable in five annual instalments, of Rs. 100 commencing from the financial year following the one in which the loan was issued. The recovery of the loan is made by the Revenue Department.

Findings :

During the Third Plan, a sum of Rs. 83,060 was disbursed by way of loans for purchase of milch cow and 174 persons were benefited by the scheme. During the period 1966-71, the amount of loans disbursed was Rs. 2,92,000 and the number of persons benefited 584. The above particulars are given in detail, year-wise in the following table :—

Year	Amount spent on milch cow loans	Number of beneficiaries
(1)	(2)	(3)
1961-62	18,700	45
1962-63	18,500	37
1963-64	8,860	18
1964-65	17,000	34
1965-66	20,000	40
1961-66	83,060	174
1966-67	27,000	54
1967-68	—	—
1968-69	—	—
1969-70	1,00,000	200
1970-71	1,65,000	330
1966-71	2,92,000	584
1961-71	3,75,060	758

It may be seen from the above table that no expenditure was incurred during 1967-68 and 1968-69. It was reported that funds for this scheme had been transferred to Co-operative Department during these two years but the Co-operative Department did not issue any loans then.

The amount of loan sanctioned to each person was Rs. 500 for all the years except 1961-62 and 1963-64. In 1961-62, 26 persons were granted Rs. 500 each and 19 persons Rs. 300 each in 1963-64, 17 persons were given Rs. 500 each and one person Rs. 360.

The region-wise break-up of beneficiaries from 1961-62 to date is given in the table below :—

Year (1)	Pondicherry (2)	Karaikal (3)	Mahe (4)	Yanam (5)	Total (6)
1961-62	37	8	—	—	45
1962-63	19	12	6	—	37
1963-64	8	10	—	—	18
1964-65	16	16	2	—	34
1965-66	30	7	3	—	40
1961-66	110	53	11	—	174
1966-67	42	6	6	—	54
1967-68	—	—	—	—	—
1968-69	—	—	—	—	—
1969-70	100	—	—	100	200
1970-71	296	24	8	2	330
1966-71	438	30	14	102	584
1961-71	548	83	25	102	758
Percentage	72	11	3	14	100

It may be seen from the above table that 72% of the total beneficiaries were selected from Pondicherry region, 11% from Karaikal, 3% from Mahe and 14% from Yanam. It is also pointed out that Yanam which did not get the benefit of the scheme till 1968-69, got 100 beneficiaries in 1969-70 alone.

A list of beneficiaries in Pondicherry region who were granted loans during the year 1969-70 was obtained from the Animal Husbandry department. A sample of 25 beneficiaries was

selected at random. They were canvassed with suitable schedules and questionnaires designed for the purpose in order to verify whether the loans have been actually utilised for the purchase of milch cows. This verification is very important as the loan was disbursed in cash. Information regarding the landholdings of the beneficiaries and their annual income and other particulars such as yield of milk of the cows purchased on loan etc. was also collected during the field enquiry.

The distribution of the beneficiaries of Pondicherry region for the year 1969-70, according to residence, is given in the following table :—

S. No.	Commune/Village	Total beneficiaries
(1)	(2)	(3)
<i>Nettapakkam Commune :</i>		
1.	Sooramangalam	8
2.	Kariamannickam	4
3.	Nettapakkam	1
4.	Karikalampakkam	8
5.	Madukarai	4
<i>Ariankuppam Commune :</i>		
6.	Abishegapakkam	10
7.	T. N. Palayam	11
<i>Bahour Commune :</i>		
8.	Bahour	27
9.	Seliamedu	3
<i>Mannadipet Commune :</i>		
10.	Mannadipet	20
<i>Ozhukarai Commune :</i>		
11.	Reddiarpalayam	1
<i>Pondicherry Commune :</i>		
12.	Pondicherry	3
Total		100

The following table shows the distribution of sample beneficiaries according to area of their holdings :—

Holding's size in acres	Number of sample beneficiaries	Percentage to total
(1)	(2)	(3)
No land	4	16
Less than 2	8	32
2 to 4	7	28
4 to 6	2	8
6 to 8	2	8
Above 10	2	8
8 to 10	—	—
Total	25	100

The distribution of sample beneficiaries according to their annual income is given in the table below :—

Income (in Rupees)	Number of sample beneficiaries	Percentage to total
(1)	(2)	(3)
Less than 1,000	2	8
1,000 to 2,000	6	24
2,000 to 3,000	5	20
3,000 to 5,000	4	16
5,000 to 7,000	7	28
7,000 and above	1	4
Total	25	100

The sample beneficiaries are classified according to their occupation in the following table :

Sl. No.	Particulars	Number of sample beneficiaries	Percentage to total
(1)	(2)	(3)	(4)
1.	Cultivator	19	76
2.	Agricultural Labourer	3	12
3.	Businessmen	2	8
4.	Milk vender	1	4
	Total	25	100

The number of cows owned by the sample beneficiaries when they applied for loans is shown in the following table :—

Particulars	Number of sample beneficiaries	Percentage to total
(1)	(2)	(3)
No cow	4	16
1 cow	5	20
2 cows	9	36
3 cows	2	8
4 cows	1	4
5 cows	1	4
Above 5	3	12
Total	25	100

The following table shows the particulars of milk yield in respect of the cows obtained by loan by the sample beneficiaries:—

Milk yield per cow per day at the time of purchase (1)	Number of cows (2)	Percentage to total (3)
Not yielding	4	16
Below 2 litres	2	8
2 to 3 litres	8	32
3 to 4 litres	6	24
4 to 5 litres	—	—
5 to 6 litres	4	16
Above 6 litres	1	4
Total	25	100

It may be seen that 4 cows were not yielding milk at the time of purchase as they were then conceived.

Information regarding the condition of the cows on the date of survey (last week of August 1971) was also obtained and the same is presented in the following table:—

Particulars (1)	Number of cows (2)	Percentage to total (3)
Yielding	10	40
Dried up	6	24
Conceived	8	32
Died	1	4
Total	25	100

Progress of recovery of loan :

A sum of Rs. 3,75,060 has so far been disbursed as loan to 758 persons. According to the Animal Husbandry Department, a sum of Rs. 44,987 was overdue from 249 loanees as on 1—4—1972. This implies that 32.9% of the beneficiaries have overdues.

Summary of Findings and Suggestions

1. During the year 1970-71, the Marginal Farmers Agency granted milch cow loans to 115 farmers against the target of 250. It could not grant loans to more farmers for want of applicants fulfilling the norms fixed for grant of loans.

2. Out of 28 Villages wherefrom applications were received only nine villages in the communes of Bahour and Ozhukarai were covered by the scheme. Kuruvinatham village in Bahour Commune and Kalapet village in Ozhukarai commune had the maximum number of beneficiaries. Nearly two-thirds of the total number of beneficiaries were selected in these two villages alone.

3. The cost of the cows given to 97 beneficiaries is Rs. 1,000 each whereas that of the cows given to the remaining 18 beneficiaries ranges from Rs. 500 to Rs. 900 each.

4. Out of 25 sample beneficiaries, three having owned lands in excess of the limit of 2 acres and one having owned and leased lands in excess of the limit of 4 acres, did not satisfy the norms in respect of area of land holdings.

5. Fourteen sample beneficiaries had an annual income below Rs. 2,000, another nine between Rs. 2,000 to Rs. 5,000 and the remaining two above Rs. 5,000.

6. Eleven beneficiaries possessed one or more cows when they applied for milch cow loans to the Agency. One farmer had as many as 5 cows and another three farmers had 3 cows each. It is surprising to note that the Agency has sanctioned loans to three farmers have each three cows and to one farmer having five cows.

7. Out of 25 cows obtained by the sample farmers five yielded 2 to 4 litres of milk per day, another five 4 to 5 litres and the remaining 15 cows 5 to 6 litres at the time of purchase.

8. On the date of field enquiry 18 cows were in the milking stage, two were dry, one conceived, three sick and one was dead.

9. The selection of cows in the cattle fairs was left to the choice of the farmers who did not have sufficient knowledge and experience in the field. The official deputed for this purpose by the Marginal Farmers Agency was reported to be also not conversant with this technique. So the milch animals purchased by them were later found to be unsatisfactory. It is, therefore, suggested that, while purchases are effected on a large scale in cattle fairs, an expert from the Animal Husbandry Department could be deputed to guide the farmers for proper selection of cows.

10. Only 10 of the 25 sample beneficiaries were in favour of the present mode of recovery of the loans. The remaining 15 farmers reported that it was difficult for them to pay the monthly instalment of Rs. 80 and also meet the maintenance charges of the cows. Some suggested that the purchase price of milk fixed by the society viz., 82 paise could be increased.

11. The progress of recovery of loan is not satisfactory. In respect of Marginal Farmers and Agricultural Labourers scheme 10.9% of the beneficiaries have overdues while in respect of Animal Husbandry scheme 32.9% have overdues. The fact that 83% of the over-dues in respect of Marginal Farmers and Agricultural Labourers Development Agency Scheme is due to "not yielding" and "poor yielding" speaks of the improper selection of the milch animals at the shandies. It is, therefore, suggested that a technically qualified person preferably a veterinary doctor may be deputed to shandies to help in the purchase of the milch animals.

12. It would be better if the Animal Husbandry Department purchases the cows and gives them to the selected applicants instead of disbursing the loan amount in cash. This would prevent misuse of loan by the beneficiaries.

ANNEXURE

Dairy development in the Co-operative sector :

The Co-operative Department is not issuing any loans for the purchase of milch animals. It is implementing the 'Dairy Development' scheme through the Pondicherry Co-operative Milk Supply Society.

Dairy development is an integral part of agricultural system in a predominantly agricultural economy. The dairy development activities help to increase and stabilise rural incomes by providing remunerative subsidiary industry to agriculturists in rural areas.

The twine aim of the programme is to encourage growth of dairy industry in rural areas for intensifying milk production and thereby assure abundant supply of wholesome milk, hygienically processed, to urban areas at reasonable rates. To achieve these ends, the programmes envisage setting up of machinery for encouraging production and for collection, processing, transport and distribution of milk in towns. The emphasis of the dairy development programme is on taking up of town milk supply schemes, intensive development of milk-shed areas, increasing milk yield improving management and strengthening arrangements for collection and marketing of milk through co-operatives and providing technical and financial assistance.

The scheme for 'establishment of a pasteurisation plant' under dairying has been sanctioned by the Government of India to meet the growing demand of the consuming public for fresh milk and to ensure timely supply of quality milk to all the consumers. The scheme is being implemented through the Pondicherry Co-operative Milk Supply Society.

Started in 1955, the Milk Supply Society has at present, a membership of 5,305 and a paid-up share capital of Rs. 1,00,800. It is supplying pure and wholesome milk to the people of Pondicherry region at fair prices. It is now collecting on an average 10,300 litres of milk daily drawn from 120 milking yards which are located within a radius of 20 miles from Pondicherry.

The dairy project set up by the co-operative society consists of (i) setting up of a pasteurisation plant with a capacity to handle 10,000 to 20,000 litres of milk daily in a phased programme and (ii) provision of rural dairy extension services, under which a fodder farm and a cattle feed manufacturing unit have been set up.

The Society has purchased a site measuring $12\frac{1}{2}$ acres in Kurumampet near Muthirapalayam for setting up the main dairy. The work relating to civil construction, purchase and erection of plant and machinery was entrusted to the National Dairy Development Board, Anand, on a turn-key basis at the suggestion of the Government of India.

The civil construction work was started in December 1969 and was completed in one year as per schedule. The estimated cost of the dairy Project is as follows :—

	<i>(In Rupees)</i>
1. Cost of Dairy site ($12\frac{1}{2}$ acres)	35,400
2. Cost of Civil works	6,00,000
3. Cost towards power supply	23,500
4. Towards instantaneous milk cooler	68,100
5. Towards dairy plants and equipments	13,20,000
6. Towards transport Vehicles	2,43,000
7. Towards National Dairy Development Boards' fees at 5%	1,10,000
Total	<u>24,00,000</u>

The entire cost of the project is financed by the Government by way of interest bearing loan at 62½%, grant-in-aid at 25% and share capital contribution at 12½%. Government loans are repayable in 20 equal annual instalments and interest is charged at 6% per annum from the date of drawal. The dairy is designed to handle 10,000 litres of milk daily in the beginning and its capacity will be doubled in the course of two years. The project was inaugurated on 12th April 1971.

In order to augment milk production and to feed the plant to its rated capacity, it is proposed to cover every milk potential village in Pondicherry region by establishing milking yards, each to produce not less than 100 litres per day. There are two milk coolers, one instantaneous milk cooler of 2,000 litres capacity per day and another immersion type cooler of 100 litres capacity and these will be installed at Karimmanickam and Bahour for easy collection and transportation of milk from the rural areas with pre-cooling.

With a view to enable the members to maintain and feed their milk animals economically and to produce milk at a lower cost, a cattle feed manufacturing and distribution unit of one tonne capacity per hour at a cost of Rs. 30,000 and a green fodder farm at a cost of Rs. 40,000 in about 9 acres of land in the Dairy site itself, have been established under the Rural Dairy Extension scheme. The cattle feed mixture would be distributed to members at a lower rate than the prevailing market rate or at subsidised cost. The farm is meant for raising perennial grasses, legumous, fodder maize/cholam which would be distributed to members daily at nominal price. Besides, it would serve as a demonstration farm to induce the members in rural areas to raise such grasses in their own fields.

APPENDIX

Economics of possessing a cow

		Rs.
Amount of loan	...	1,000
Less subsidy	..	333
Subsidised cost	...	<u>667</u>
 <i>Yield per day : 6 to 8 litres.</i>		
<i>Average 7 litres.</i>		
Cost of one litre at Co-operative rate ...	0.95 paise	
	$= 0.95 \times 7 =$	6.65
Feed per day: (1) Fodder	...	1
(2) Other Feeds	...	1
	Total ...	<u>2</u>
 Total income per month :	$6.65 \times 30 =$	199.50
Total expenditure per month towards feed etc.	$2.00 \times 30 =$	60.00
Net income per month	...	<u>139.50</u>
Less towards repayment per month	...	80.00
Net surplus after repayment of loan	... 139.50 — 80.00	
	$=$ Rs. 59.50	

COMMENTS OF THE PROJECT OFFICER, MARGINAL FARMERS AND AGRICULTURAL LABOURERS DEVELOPMENT AGENCY, PONDICHERRY.

1. The Agency was registered only on 8-12-1970 and the achievement relates to the period of three months only, lot of spade work had to be done and hence this Department could not find applications satisfying the norms eventhough 300 applications had been received from all the 28 villages of the two communes.

2. Since the infrastructural facilities were already existing in the Kuruvintham and Kalapet villages and since there was a cluster of marginal farmers in those two villages satisfying the norms, majority of the beneficiaries were selected from those villages.

3. The cost of cows depends on the yield and its age, etc., and hence the variance in their prices from Rs. 500 to 900.

4. Out of 25 sample beneficiaries 21 have been selected correctly with reference to the norms and priorities and only 4 did not satisfy. This was due to the reason that there is no facility for cross checking of the land held by them as owned and leased.

5. It may be noted that 20 people are having income below Rs. 3,000 and only 4 people have income exceeding Rs. 3,000. The income concept for identifying the marginal farmers has been introduced recently and this aspect was not given very much importance at the beginning of the project. However, it may be seen that the majority of beneficiaries are non-viable farmers having income below Rs. 2,400.

6. The cows possessed by the 11 beneficiaries are not cross breed cows of high yielding. They are local breeds and local heifers and since their possession did not contribute to any income to the farmers, the 11 cases were taken up as eligible under the norm. The intention of the norm that farmers should not possess more than one cow was that he should not have more than two or more good cross breed cows at the time of his selection.

7. 20 cows have given from moderate to good yield. Only in the case of 5 cows it was of poor yield. It is likely that the poor yield cows are younger ones, whose yield may increase during second and third calving.

8. No remarks.

9. At the time of conducting the survey there was no technical man of the Animal Husbandry Department functioning in the Agency. The Government of India have recently sanctioned appointment of a technical man from the Animal Husbandry Department. The selection and guidance is now being given to the marginal farmers for purchase of milch animals.

10. The mode of recovery has since been modified for convenient repayment of the loan. This Agency has nothing to do with the price of the milk since a higher price could be decided upon only by the Milk Supply Society.

11. The recovery is being done by the Milk Society. However the matter is being taken up with the Society to ensure quick recovery. As far as possible proper selection is made with the help of the marginal farmers, only after testing the yield for two to three milchings. The poor yield in some cases may be due to various other reasons beyond anybody's control and hence the selection cannot be called improper.