DAIRY FARMING

1. Introduction

In India, agriculture is mostly rain fed hence; there is a genuine need to provide employment and to generate additional income throughout the year. Dairying is important source of generating additional income to small farmers as well as landless agricultural labourers. It is also environment friendly; the manure from animals provides a good source of organic matter for improving soil fertility besides the same may also be used as fuel. The surplus fodder and agricultural by products may be successfully utilized by feeding animals.

2. Market potential

Milk is an important household food being consumed by children and elderly people. As per NDDB's Perspective 2010 plan, the liquid milk procurement is to be increased by co-operatives to 33% of the marketable surplus and increase the liquid milk sales by 365 lakhs kg per day i.e. more than 60% of the market shares in metros and on average of close to 50% in class I cities served by co-operatives. Hence there exists great demand for milk and milk products.

3. Technical details

- The shed may be constructed on dry, raised ground and should be well ventilated.
- A standing space of 2 x 1.05m for each animal is required.
- Purchase healthy/freshly calved animals in their second/third lactation. If need be, vaccinate the newly purchased animal against disease.
- Animals may be purchased in phases. Purchase of animals may be made in such a way that subsequent purchase is made when first two animals purchased are at late stage of lactation.
- Feed the animals with best feed and fodders and daily feed requirement is about 2.5 to 3% of body weight of animal.
- Before milking, wash the udder and treat with antiseptic lotions/luke warm water and dry before milking.

4. Cost of project

Keeping in view the capital cost involved and also for sufficient income generation, 4 buffalo (graded murrah) per unit has been suggested. Each buffalo should generally yield on an average of 10 (ten) liters of milk per day. Accordingly the suggested cost of project is as under:

S. No.	Particulars	Amount per unit (in Rs.)
1.	Land development (L.S.)	2,500.00
2.	Shed construction using locally available materials (L.S.)	12,000.00
3.	Cost of animals including transportation if any [@ Rs.16000/- each]	64,000.00
4.	Utensils, Milk vessels, hand operated chaff cutter etc.	3,000.00
5.	Insurance/veterinary expenses	3,000.00
6.	Working capital and misc. expenses	3,500.00
	TOTAL	**88,000.00**

5. Means of finance

S. No.	Items	Amount	%Age
1.	Promoters contribution	2000.00	2.27
2.	NSTFDC - Term Loan	70000.00	79.55
3.	Subsidy/Margin Money Loan from SCA	16000.00	18.18
	TOTAL	**88000.00**	**100.00**

Note: The State Channelising Agencies shall arrange to provide subsidy to beneficiary(ies) as per norms of their Corporation. Further, SCAs may also make efforts to avail incentive/subsidy from other centrally sponsored schemes.

6. Raw material requirement and assumptions of working capital consideration

The animals shall be fed by locally available green fodder and dry fodder. Further, cattle feed (concentrated feed) may also be provided to animals especially during lactation period. The feed requirement of animal for lactation period and dry period is as under:

S. No.	Particulars	Lactation period (Kg/day)	Dry period (kg/day)	Rate (Rs./kg)
1.	Green fodder	25 kg	25 kg	0.25
2.	Dry fodder	6 kg	6 kg	1.00
3.	Concentrate	4.5 kg	1 kg	7.00
4.	No. of days considered	280 days	85 days	-

Fund requirement for one animal during lactation period: 25 kg x Rs.0.25/kg + 6 kg x Rs.1/kg + 4.5 kg x Rs.7.00/kg = Rs.43.75 per day.

During dry period: Rs.19.25 per day/per animal.

7. Working capital requirement

- The working capital provision has been made for one month.

- The animals shall be purchased in 2 phases i.e. 2 animals in lactation period shall be purchased during 1st phase and balance 2 animals may be purchased when the first batch of animals are in dry period.

- Accordingly, working capital requirement has been made for 2 animals only for a period of one month and expenses for 2nd batch of animal shall be met from internal resources.

S. No.	Particulars	Amount (in Rs.)
1.	Cost of fodder for lactation period only	2,625.00
2.	Miscellaneous expenses etc. (Lumpsum)	875.00
	TOTAL	**3,500.00**

8. Project economics

A.	**Sales realization:**	**Amount (in Rs.)**
(i)	From sale of milk: Rs.10 per litre x 4 animals x 10 litres/day x 280 days	1,12,000.00
(ii)	Sale of manure & gunny bags (L.S.)	2,000.00
	Total	1,14,000.00
B.	**Cost Feed/fodder:**	
(i)	Lactation period: Rs.43.75/day x 4 animals x 280 days Dry period: Rs.19.25/day x 4 animals x 85 days	55,500.00
(ii)	Veterinary expenses [Rs.150 per animal x 4 animal]	600.00
(iii)	Insurance	2,400.00
(iv)	Miscellaneous & marketing expenses	1000.00
(v)	Interest	5,100.00
(vi)	Depreciation /amortisation of expenses @10%	8,450.00
	Total	**73,050.00**
C.	**Net profit [A-B]**	**40,950.00**
D.	**Cash profit [C + depreciation]**	**49,400.00**
E.	**Tax, if any**	**Nil**

9. Viability indicators

S. No.	Particulars	Amount
1.	Repayment per annum (period - 5 years)	17,200.00
2.	Debt Service Coverage Ratio	2.44
3.	Return on Investment (ROI)	46.53%

10. Interest, Moratorium & repayment period for beneficiaries.

(a) Interest : 6% p.a. on NSTFDC Term loan

(b) Moratorium period : 9 months for beneficiaries from the date of release of funds by SCAs to beneficiaries.

(c) Repayment period : On quarterly basis. 5 years excluding moratorium period.

11. General remarks

- The cost of project may vary in different States & Regions.
- It is assumed that the animal rearing is suitable in the given locality.