

Evaluation and Impact Study of **Dairy Entrepreneurship Development Scheme**



Submitted to

Department of Animal Husbandry, Dairying & Fisheries
Ministry of Agriculture, Govt. of India, New Delhi



AGRIBUSINESS GROUP
NATIONAL PRODUCTIVITY COUNCIL
LODI ROAD, NEW DELHI – 110003

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Dairy Entrepreneurship Development Scheme



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(Study Team)

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EXECUTIVE SUMMARY

A comprehensive assessment of the impact of Dairy Entrepreneurship Development Scheme was conducted on sample basis in 13 States namely Andhra Pradesh, Tamil Nadu, Karnataka, Gujarat, Maharashtra, Chhattisgarh, Bihar, Jharkhand, Kerala, Rajasthan, Uttar Pradesh, Haryana and Manipur. The purposive stratified sampling was adopted for collecting field level data. Information with regards to scheme implementation and other pertinent details was collected from beneficiary entrepreneurs, banks, NABARD and other stakeholders. A total of 764 beneficiary Dairy Entrepreneurs were covered which made for more than 1% of overall units assisted (till march 2014).

On the basis of the field survey and extensive discussions with the concerned stake holders, the evaluation study has drawn the following observations and suggestions on the scheme specifically focusing on terms of reference.

Progress of Scheme

- Since inception 1.86 lakhs mini dairy units have been established with a cumulative subsidy of Rs. 678 crores till April 2014 which implies a direct investment of more than Rs.2600 crores in dairy sector during past 3 years. Nearly 1.2 Lakhs (65%) of dairy units under DEDS (till April 2014) have been set up in Andhra Pradesh, Tamil Nadu, Gujarat, Maharashtra and Karnataka.*
- Punjab and Madhya Pradesh have disbursed highest average subsidy amount i.e. Rs.83000/- per project (due to bigger units). Tamil Nadu and Andhra Pradesh have disbursed lowest average subsidy amount i.e. Rs.17000/- per project (large number of entrepreneurs who have established smaller dairy units of 2 dairy animals)*
- Andhra Pradesh and Rajasthan have major share of 9.1 percent each in tentative subsidy allocation (2014-15) followed by Maharashtra (7.5 percent), Karnataka (6 percent), Bihar (5.7 percent), Gujarat (5.7 percent) and Tamil Nadu (5.7 percent) (All put together almost 50% for 7 States)*

- *SC/ST subsidy is under-utilized in several States. Bihar, MP, Gujarat, Maharashtra, Jharkhand & Kerala have reported less than 10 % of SC/ST beneficiaries.*

Beneficiary Feedback

- *Only 10% beneficiaries had animal husbandry as primary occupation. Hence lot of new entrepreneurs has been added. Most of beneficiary got information about DEEDS from banks or fellow dairy farmers. By and large majority of beneficiaries are not aware about other components.*
- *Women beneficiaries ranged from 4% to 40% in various states. The states of Kerala, Tamil Nadu, Himachal Pradesh and Jharkhand had more than 33 percent of women beneficiaries whereas West Bengal, Uttar Pradesh and Rajasthan have less than 10 percent of beneficiaries.*
- *To a large extent Techno Economic Specification (veterinary recommendation, insurance & identification tag, Bank inspection & appraisal, PSC) have been adhered to.*
- *Rate of interest on loan varied from 10.25 to 14.31% from bank to bank and State to State. Highest by a Cooperative bank (14.31%) in Tamil Nadu and lowest was charged by Grameen bank (10.25%) in Haryana. In the Western Region Private Banks are charging lower interest rate than the nationalized banks. (Ratnakar Bank -11.25% for 3 years)*
- *Highest repayment was reported by private banks (99%) while it was lowest in case of nationalized bank (70.86%). Overall recovery was more than 82% in Grameen Banks. Nationalized bank in Gujarat, Rajasthan and Jharkhand had reported high recovery, while it was lowest in the case of Manipur and Uttar Pradesh.*

Role of Various Stakeholders

- *Stellar role has been played by the NABARD in efficient administration of subsidy channeling. However, its participation in Publicity, Technical guidance, follow-up and Monitoring needs a vast improvement. The participating banks take all precaution before advancing the loan and wherever the recovery is less, banks become reluctant to*

advance loans. On few occasions, subsidy claims are delayed at controlling branch and even such claims are delayed/ rejected on petty reasons by NABARD RO office.

- *The State Animal Husbandry Department (AHD) has no specific role in implementation of this scheme. The officials of the State Animal Husbandry Department were involved in the meetings at state and district level. The veterinary officials were involved in certification of health of animals. In some states, the State AHD helps in getting the good quality animals to various interested buyers.*
- *Lack of Convergence & Coordination among various stakeholders viz. State Animal Husbandry Departments, Gram Panchayat, Dairy cooperatives etc.*

Monitoring & Follow Up

- *It is weak link and no such mechanism exists to monitor branch wise performance and progress of sanctioned DEEDS projects. Ultimate responsibility to monitor the project is of the bankers who had extended the credit in their own interest. In some states such as UP and Manipur, majority of loans are on the path of becoming NPA.*

Impact of Scheme

- *There has been a significant increase of around 123 percent in overall average milk production per beneficiary entrepreneur.*
- *There is considerable increase in the livestock assets owned by dairy entrepreneurs. The average number of animals owned has increased from 2 to 5. The Increase of livestock assets (milch animals) is of good quality descript breed with high yield of milk. Nearly 45% of the dairy entrepreneurs had created new assets in their household such as house, cattle shed, fodder storage, etc (Maharashtra, Haryana & Rajasthan).*
- *Around 82% of beneficiaries reported to have less dependence on borrowed money now specially in Maharashtra, Gujarat and Uttar Pradesh.*
- *The number of persons involved in dairy related activities at individual entrepreneur level had doubled and the average working hours per day per person has also increased from 4 to 6 hours per day.*

- *Direct additional employment generated due to implementation of DEEDS scheme till now is for 1.86 lakhs persons at least. Indirect employment can be estimated to be around 10% of direct employment. Due to DEEDS implementation, more than 2.0 lakh persons have got additional employment.*

Suggestions

- *The participating banks should strictly adhere to the guidelines of financing to be done at least in two installments specially for financing units with more than 4 animals.*
- *All bank branches within the district must regularly report NPAs as per RBI guidelines under various government schemes during DLBC meeting and the same should also be discussed in SLBC meeting depending upon the gravity of situation so that timely action can be initiated. Such default case should also be displayed in the bank branches and website so that there is peer/social pressure on the defaulters as well as banks.*
- *In order to ensure that the benefit of the scheme reaches to actual interested entrepreneurs, a Preferential Tripartite Agreement System can be worked out between the Participating Bank, Dairy Cooperative Society (DCS) and Dairy Entrepreneurs. In such an agreement bankers would advance loans to a member of DCS who would be pouring milk to the society (at least for the period till his loan is over) and DCS would make split payments to bankers and the beneficiary farmer. Bank may give preference to loans through cooperative/FPOs/SHGs or any other such institutions that can stand guarantee for the repayment.*
- *NABARD should indicate separate bank-wise allocation of budget provision including special component for SC/ST. The application from SC/ST should be accepted till the allocation is exhausted. Separate data needs to be maintained for beneficiaries with disabilities.*
- *DAHD&F as well as NABARD need to ensure that subsidy is released as soon as possible to the eligible entrepreneurs to gain the trust of entrepreneurs. Further, there has to be some mechanism where the loanee can be informed whether the subsidy has been received on his account or not. It would save the bankers sharing unnecessary blame.*

- *In the guidelines, an enabling provision may be made to take care of annual increase in cost of various components. Further, it is required to see the cost norm differential between cow (CB) and buffalo.*
- *At present, no new components are required as there is hardly any off-take of the existing components other than Small Dairy Units.*
- *The insurance companies need to launch awareness campaigns for prospective cattle insurance buyers to clear out basic apprehensions. It would be better to explore the possibility to take a longer policy for 3-5 years and spread the cost of insurance over the duration of loan.*
- *The requirement of collateral towards loan, two guarantors, security deposit is not explicitly mentioned in any of the guidelines either by DAHD&F or NABARD, however in some of the States or even by some of the banks such requirements are to be fulfilled by the prospective dairy entrepreneurs. NABARD should issue some explicit guidelines to the various participating banks to all the States on these issues.*
- *Concerted efforts need to be made by participating banks in those districts where such benefits have not reached so far. Regional offices of NABARD should give priority to dairy entrepreneurs of such districts. State-specific media strategies may be worked out by NABARD Regional Offices.*
- *Use of ICT interventions and modern communication technology via mobile should be introduced in a big way to become more customers friendly.*
- *Loan repayment data needs to be regularly provided by NABARD. Further, the data needs to be uploaded in banks website detailing beneficiary name, loan sanctioned, mobile number etc and bank may be advised to maintain toll-free helpline number. In States where loan repayment is less, DAHD&F may get regular sample studies conducted.*
- *Due care has to be exercised by the participating banks to avoid cases of beneficiaries availing dual benefits from Central and State Sponsored similar schemes.*

- *For selected/Interested entrepreneurs, the state dairy department may arrange for exposure visit of successful dairy enterprises to motivate people to take up dairy as business activity.*
- *Publicity about the scheme through regular short programs in FM radio, Pamphlets in local language, Media Campaign, Press releases in the local news papers, needs to be done. Field level awareness campaigns on regular basis along with State Dept. needs to taken up aggressively specially in far flung areas.*
- *Display of signboards is very important for the purpose of transparency and publicity of the scheme that such signboards must be displayed by the beneficiary.*
- *In view of increasing popularity of this scheme across the country and some States giving additional subsidy over and above the Central Subsidy, the empower committee may also consider tapering down Central Subsidy from 25 to 20% for units of more than 6 animals. Initially this can be introduced for APL category entrepreneurs.*
- *To encompass the aspirations and socio-cultural aspects of North-Eastern Region, a separate budgetary provision has been made in this scheme which is yet to pick up momentum. A separate study on developing strategy for strengthening the dairy sector in NE region can be initiated by Ministry. Such study would put special focus the region and thereby suggesting an alternate strategy for making the scheme successful in this part of the Country.*

Introduction

Chapter 1

1.1 BACKGROUND

Development of agriculture and animal husbandry holds the key to the development of Indian economy in general and rural economy in particular. Dairying has steadily emerged to be the harbinger of equitable justice, employment and a relatively stable source of income generation for the vulnerable sections of the rural community with little or no land base. As India enters an era of economic reforms, agriculture, particularly the livestock sector, is positioned to be a major growth area. It is increasingly recognized that dairying could play a more constructive role in promoting rural welfare and reducing poverty.

Department of Animal Husbandry Dairying & Fisheries, (DAHD&F) Government of India, through its schemes has been providing key impetus to boost the sector. One of such scheme Dairy Venture Capital Fund Scheme (DVCFS) had been modified as Dairy Entrepreneurship Development Scheme (DEDS) from XIth plan year period for making it more effective through wider coverage, enhanced component-wise outlays and by including new components for assistance under the scheme.

The pattern of assistance under the DEDS is in form of back-ended capital subsidy (25% of the cost of project for General category and 33.33% for SC/ST entrepreneurs) subject to its component-wise ceiling which is to be adjusted against the last few installments of repayment of bank loan.

National Bank for Agriculture & Rural Development (NABARD) is the Nodal Agency for implementation of the scheme. Commercial Banks, Co-operative Banks and Regional Rural and Urban Banks are implementing the scheme. The scheme is open to organized as well as unorganized sector. The Eligible beneficiaries of the scheme are agricultural farmers, individual entrepreneurs and groups/institutions of unorganized and organized sector. Group of organized sector, includes self-help groups, dairy cooperative societies, Milk unions, milk federation, etc.

As per latest data available, since inception of the DEDS scheme, back-ended capital subsidy of Rs 678.63 crore has been disbursed for setting up of 186408 dairy units up to 31.03.2014.

At the instance of Department of Animal Husbandry, Dairying & Fisheries (DAHDF) National Productivity Council has conducted the impact assessment of the Dairy Entrepreneurship Development scheme with a view to assess its effectiveness in meeting the objectives for which this scheme had been conceptualized. The results of the study have been compiled in this report which may provide inputs for further modifications/improvements in the Scheme.

1.2 Terms of Reference

The terms of reference of this evaluation study are as follows:-

1. To study the role of scheme in increasing investment under dairy sector and income for the farmers and to assess the benefits accrued under the scheme like employment generation, income generation, infrastructure setup, consumer satisfaction and accordingly suggest measures to make scheme more effective.
2. To study the adequacy of financial outlay for various components and to suggest the new components along with cost ceilings.
3. To evaluate repayment of loans performance by beneficiaries, to examine the adherence to techno economic specifications and to identify the reasons, if any for divergence.
4. To identify the bottlenecks for poor progress of investment activities of the scheme (component-wise) in certain area and to suggest the changes to make it more effective and deliverable.
5. To evaluate the role of NABARD and participating banks in implementation of the scheme and identify the adequacy of the backward and forward linkages and operational problems at different levels.

1.3 Methodology of Study

The primary data was elicited through the intensive field survey, participatory discussions, personal interviews by visit in order to evaluate the performance of scheme at ground level. Under the Dairy Entrepreneurship Development Scheme (DEDS), various stake-holders such as dairy farmers, Self Help Groups, Cooperative Societies, Companies etc. were interviewed to the extent possible. The study also involved collection of secondary data in respect of the progress made under the scheme. The primary data collection as discussed above was done with the help of pre-structured questionnaire / checklist specifically designed for each respondent category.

1.4 Sampling Framework

As per data available, DEDS scheme is being implemented in all the States and an amount of Rs. 678.63 crores as back-ended capital subsidy has already been disbursed through NABARD. The assistance is made available on nine components as per pattern of assistance mentioned in the scheme guidelines. Taking into account the spread of the scheme, NPC adopted purposive stratified random sampling to select the sample for primary data collection. As advised by DAHD&F, the study was conducted in 13 States namely Andhra Pradesh, Tamil Nadu, Karnataka, Gujarat, Maharashtra, Chhattisgarh, Bihar, Jharkhand, Kerala, Rajasthan, Uttar Pradesh, Haryana and Manipur.

Based on data available from NABARD till 2012-13, total number of 64041 beneficiaries (units) were assisted and it was proposed to cover 1% i.e. 640 units under the study equally distributed among the States. However in some of the States, the number of beneficiaries was very low and accordingly a larger sample of beneficiary units was taken up in other States proportionately to the number of actual units. The sample units were distributed over 2-3 districts within the State and financed by several banks of different category such as public sector, private sector, cooperative, and regional rural banks. Random sampling method was used for selection of beneficiaries. Adequate care was taken to include as many SC/ST and

woman beneficiaries as available in the vicinity. The State-wise number of Dairy entrepreneurs covered under this study is given in table 1.1. The discussion with non-beneficiary entrepreneurs was also held to elicit their views on awareness and process of implementation of scheme at the field level.

Table1.1: State-wise Sample Coverage

S. No.	State	Total No.
1	Haryana	60
2	Uttar Pradesh	60
3	Gujarat	80
4	Maharashtra	80
5	Rajasthan	40
6	Chhattisgarh	60
7	Bihar	40
8	Jharkhand	20
9	Andhra Pradesh	80
10	Karnataka	80
11	Kerala	80
12	Tamil Nadu	80
13	Manipur	4
	Overall	764

During selection of sample units, it was ensured that due representation is made from all the components being assisted under the scheme. The data from beneficiary of other components was collected depending on the availability of such beneficiary within the sample coverage area. Further due care was taken to have representation for units assisted from all the years from 2010-11 to 2013-14.

As the scheme is being implemented by Govt. of India in association with NABARD and financial institutions viz. Commercial Banks, Regional Rural Banks, State Cooperative Banks, State Cooperative Agriculture & Rural Development Banks and other such institutions which are eligible for refinance from NABARD, feedback from these institutions was also taken in the sample coverage area. Under the study proper representation of all the concerned institutions was ensured so as to gather requisite information/data. The feedback from these stakeholders was recorded as per pre-defined checklist.

To maintain quality of data, the team under the guidance of senior team member conducted the field survey as per finalized tools. The collected information was triangulated with the secondary information with participating banks & NABARD so as to ensure reliability & quality of information from the field.

The data/information collected from primary and secondary levels was collated and synthesized for presenting in interpretable form. The requirements outlined in the terms of reference for the evaluation report was referred for consolidating the findings. Emphasis has been laid on presenting the study outcome in line with the objectives through self-explanatory tables, charts, diagrams etc.

Overall Progress Made under DEDS

Chapter 2

2.1 Background of the Scheme

The scheme of Dairy Venture Capital Fund was modified and renamed as Dairy Entrepreneurship Development Scheme (DEDS) which is being implemented from 1st September, 2010. The aim of the scheme is to promote setting up of modern dairy farms for production of clean milk, encourage heifer calf rearing, up gradation of traditional processing technology, bring structural changes in the unorganized dairy sector to address issue of quality and marketing of milk, enhancement of income of milk producers and generate self-employment to them. The above said objectives are being met with assistance from Ministry on defined nine components as mentioned under the guidelines.

National Bank for Agriculture & Rural Development (NABARD) is the Nodal Agency for implementation of the scheme. At the State level, Regional office of NABARD is coordinating the scheme. Several Public-sector Banks, Co-operative Banks, Regional Rural banks, Private Banks and other urban Banks are implementing the scheme through local banking branch through their regional/controlling offices in the state. The scheme is open to organized as well as unorganized sector in India.

2.1.1 Eligibility Criteria

As per the guideline set out by Ministry of Agriculture, Government of India the following categories eligible under the scheme

- Farmers, individual entrepreneurs, NGOs, companies, groups of unorganized and organized sector etc. Groups of organized sector include self help groups, dairy cooperative societies, milk unions, milk federations etc.
- An individual will be eligible to avail assistance for all the components under the scheme but only once for each component
- More than one member of a family can be assisted under the scheme provided they set up separate units with separate infrastructure at different locations. The distance between the boundaries of two such farms should be at least 500m.

2.1.2 Funding Pattern

- Entrepreneur contribution (margin) - 10 % of the outlay (minimum)
- Back-ended capital subsidy
- Effective Bank Loan - Balance portion, Minimum of 40% of the outlay

Assistance under the scheme is purely credit linked and subject to sanction of the project by eligible financial institutions. The components that can be financed along with indicative unit cost and pattern of assistance is illustrated in the Table - 2.1

Table 2.1: Pattern of Assistance for Various Components (as amended in 2014)

S.No.	Component	Unit Cost	Pattern of Assistance
1.	Establishment of small dairy units with crossbred cows/indigenous descript milch cows like Sahiwal, Red Sindhi, fir, Rathi etc/graded buffalos up to 10 animals(for SHGs, cooperative societies, producer companies unit size will be 2-10 animals per member	Rs. 6 lakh for 10 animal unit – minimum unit size is 2 animals with an upper limit of 10 animals	25% of the project cost (33.33% for SC/ST farmers), as back ended capital subsidy. Subsidy shall be restricted on prorata basis to a maximum of 10 animals subject to a ceiling of Rs 15000 per animal, (Rs.20,000 for SC/ST farmers) or actual whichever is lower. Beneficiaries may purchase animals of higher costs, however, the subsidy will be restricted to the above ceiling
2	Rearing of heifer calves-cross bred, indigenous descript milch breeds of cattle and of graded buffaloes up to 20 calves	Rs.5.30 lakh for 20 calf unit – with an upper limit of 20 calves	25% of the project cost (33.33% for Sc/ST farmers) as back ended capital subsidy. Subsidy shall be restricted on prorata basis to a maximum of 20 calf unit subject to a ceiling of Rs.6,600/- per calf (Rs.8,800 for SC/ST farmers) or actual whichever is lower.
3.	Vermi compost with milch animal unit(to be considered with milch animals/small dairy farm and not separately)	Rs.22,000/-	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs.5,500/-(Rs.7300/- for SC/ST farmers) or actual whichever is lower.
4.	Purchase of milking machines/milkotesters/bulk milk cooling units (up to 5000 liter capacity)	Rs. 20 lakh	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs.5.0 lakh Rs.6.67 lakh for SC/ST farmers) or actual 5.whichever is lower.

S.No.	Component	Unit Cost	Pattern of Assistance
5.	Purchase of dairy processing equipment for manufacture of indigenous milk products.	Rs. 13 Lakh	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs. 3.30 lakh(Rs.4.40 lakh for SC/ST farmers) or actual whichever is lower.
6.	Establishment of dairy product transportation facilities and cold chair	Rs.26.50 lakh	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs. 6.625 lakh(Rs.8.830 lakh for SC/ST farmers) or actual whichever is lower.
7.	Cold storage facilities for milk and milk products	Rs.33 lakh	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs.8.25 lakh(Rs.11.0 lakh for SC/ST farmers) or actual whichever is lower.
8.	Establishment of private veterinary clinics	Rs.2.60 lakh for mobile clinic and Rs.2.0 lakh for stationary clinic	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of 65,000/- and Rs. 50,000 (Rs. 86,000 and Rs66,600/- for SC/ST farmers) respectively for mobile and stationary clinics or actual whichever is lower.
9.	Dairy marketing outlet/Dairy parlor	Rs.1.0 lakh	25% of the project cost 33.33% for Sc/ST farmers)as back ended capital subsidy subject to a ceiling of Rs. 25,000(Rs. 33,300/- for Sc/ST farmers) or actual whichever is lower.

Note: The subsidy amount will be rounded off to the nearest 100 rupees. Beneficiaries may submit project proposals without any limit. However the back ended capital subsidy under the scheme will be restricted to the above ceilings. The Banks will verify the costs of components admissible under the scheme based on the cost norms notified by NABARD.

2.2 Fund Allocation and Utilization

As the scheme was implemented from September 2010, the initial release by DAHD&F, Govt. of India was made on a conservative basis. Further the NABARD had only 6 months time to take up this scheme during the year and could utilize only around 50% of the fund allocated. Accordingly, only around 1978 units could be mobilized for financing and subsidy in 2010-11. The scheme took off next year i.e. 2011-12 with higher release of funds from the Department. It was only from year 2012-13, the scheme picked up momentum and a large number of DEDS beneficiary units were established during the year. The number of units increased substantially from 1978 in 2010-11 to 27319 during 2011-12 and 34744 during 2012-13. However, NABARD could not utilize the funds as envisaged. Due to extra parking of funds with

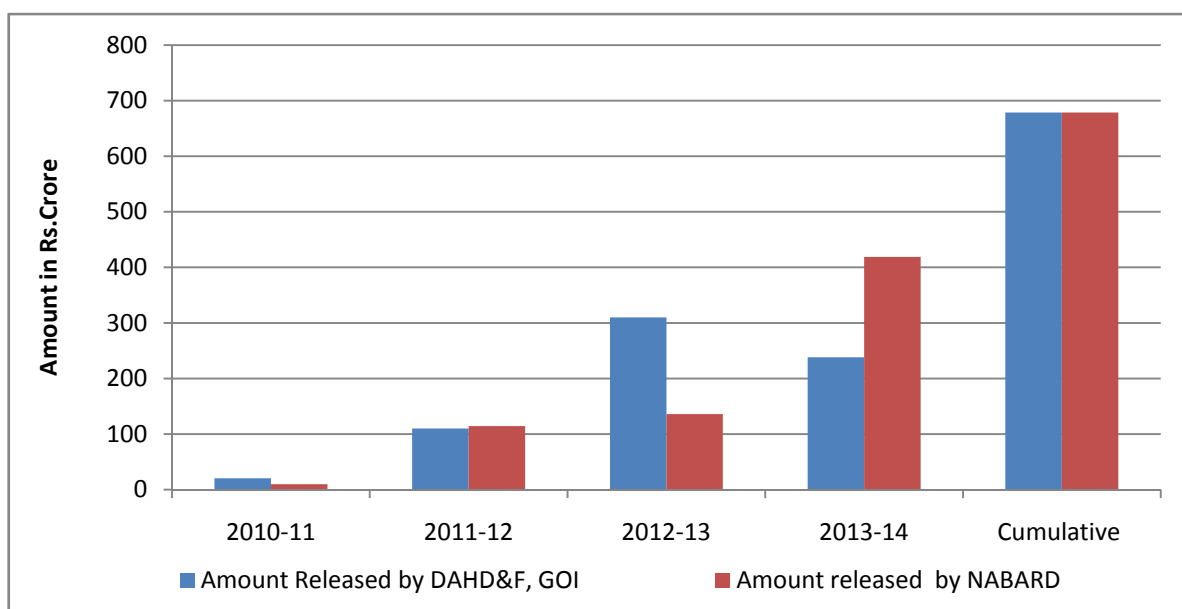
NABARD, DAHD&F held back the release of further subsidy till a proper utilization certificate was given by the NABARD.

Table 2.2 Year-wise Allocation of Funds and Utilization (Rs crore)

Year	Release by DAHD&F, GOI	Amount released by NABARD	No of units
2010-11	20.40	9.69	1978
2011-12	110.00	114.37	27319
2012-13	310.00	135.84	34744
2013-14	238.23	418.73	122367
Total	678.63	678.63	186408

Source: DAHDF, Ministry of Agriculture

Figure 2.1: Year-wise Fund Released by DAHD&F and Utilized by NABARD

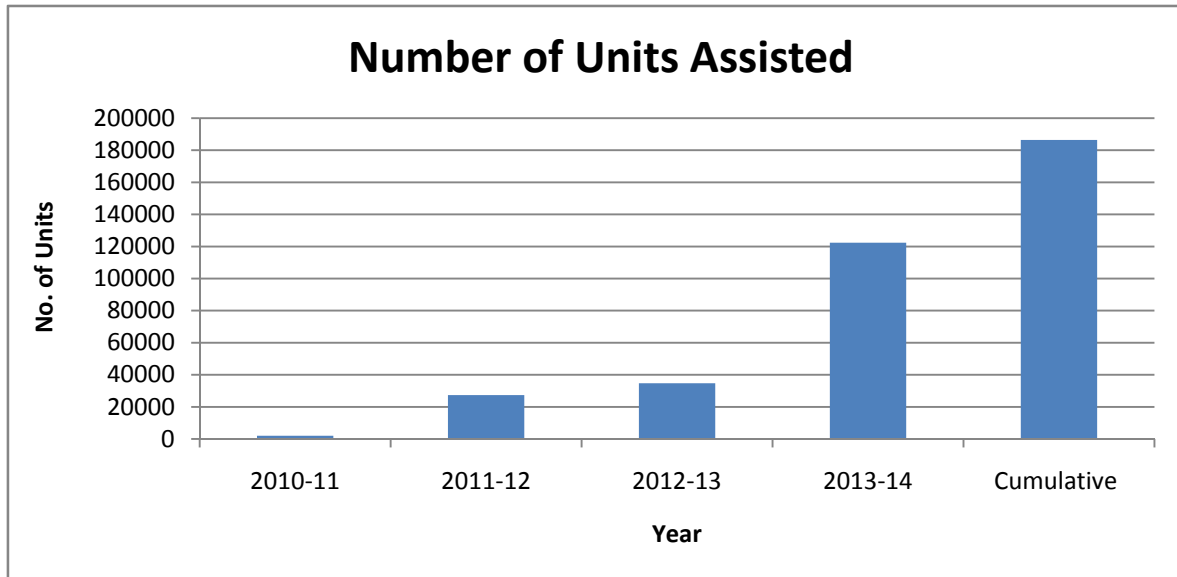


Source: DAHDF, Ministry of Agriculture

The scheme was quite dormant during June 2012 till May 2013 despite a large number of applicants who were eligible for subsidy. Due to this, there was large number of beneficiaries who could not get subsidy during this period which has led to public dissatisfaction. DAHD&F took strong monitoring actions on funds utilization and advised that fresh applications for the year 2013-14 were to be accepted by banks from 1st June to 15th July 2013 only. However, loan applications received by banks up to June 2012 were also considered eligible for subsidy during 2013-14.

With clearing of such backlog, the number of beneficiaries increased to 122367 and the amount disbursed by NABARD was Rs.41872 lakhs which is a substantial increase during 2013-14. Year-wise allocation of funds and utilization is given in Table 2.2

Figure 2.2: Year-wise Cumulative Number of Units Assisted under DEDS Scheme



Source: DAHDF, Ministry of Agriculture

The state-wise allocation of subsidy amount for 2013-14 is given in the Table 2.3. A total of Rs 265 crore has been earmarked for the year. The state-wise allocation of these funds is made by DAHD&F based on overall budget of scheme, the demand made by NABARD, potential of dairy entrepreneurship development and past performance of the scheme in various states. The states of Andhra Pradesh and Rajasthan have major share of 9.1 percent each followed by Maharashtra (7.5 percent), Karnataka (6 percent), Bihar (5.7 percent), Gujarat (5.7 percent) and Tamil Nadu (5.7 percent) in the allocation of funds. These states are also major contributors in the milk bowl of the country.

Based on the data provided by NABARD, the overall performance of the scheme has been summarized in the Table 2.4. It is evident from the table that Andhra Pradesh, Tamil Nadu, Gujarat, Maharashtra and Karnataka are the major states to set up almost 65% of dairy units under DEDS till now. However, these states have consumed about 51% of total funds allocated by banks.

Table 2.3: State-wise Indicative Allocation of Targets (Rs. in Lakhs)

State	Target for 2013-14
Andaman & Nicobar	10.00
Andhra Pradesh	2400.00
Bihar	1500.00
Chhattisgarh	200.00
Delhi	10.00
Goa	10.00
Gujarat	1500.00
Haryana	1100.00
Himachal Pradesh	1200.00
Jammu & Kashmir	1200.00
Jharkhand	200.00
Karnataka	1600.00
Kerala	770.00
Madhya Pradesh	1000.00
Maharashtra	2000.00
Orissa	600.00
Punjab	1000.00
Rajasthan	2400.00
Tamil Nadu	1500.00
Uttar Pradesh	1300.00
Uttarakhand	1500.00
West Bengal	500.00
Total (A)	23500.00
North Eastern States	
Arunachal Pradesh	150.00
Assam	2000.00
Manipur	50.00
Meghalaya	50.00
Mizoram	300.00
Nagaland	100.00
Sikkim	150.00
Tripura	200.00
Total (B)	3000.00
Grand Total (A) + (B)	26500.00

Source: DAHD&F, Ministry of Agriculture

Table-2.4: State wise Cumulative Units Assisted and Amount Disbursed (till 30-04-2014)

Rs. in Lakhs

States	Cumulative as on 30.04.2014					
	All Categories		of which SC & ST		of which Women beneficiaries	
	Units	Amount	Units	Amount	Units	Amount
Andaman & Nicobar	12	7.29300	0	0	0	0
Andhra Pradesh	53574	14340.33300	6368	2014.53034	9387	2691.30646
Bihar	7591	2869.60850	550	259.65010	1569	547.98626
Chattisgarh	632	505.42900	78	63.65100	83	59.81760
Delhi	0	0.00000	0	0.00000	0	0
Goa	1	4.29000	0	0.00000	1	1.25
Gujarat	16533	6693.48622	743	473.26463	2252	972.00088
Haryana	3776	1900.39200	709	272.64900	387	169.98
Himachal Pradesh	5389	2902.70362	1903	1027.77900	1978	753.4762
Jammu & Kashmir	5866	2427.95460	2622	1143.04010	1267	482.66057
Jharkhand	108	74.61025	3	3.30900	38	8.599
Karnataka	10265	3801.44300	1339	618.63300	2296	696.05622
Kerala	7015	2293.57709	104	37.43456	2794	812.15329
Madhya Pradesh	2408	1997.39240	137	126.58590	240	212.13875
Maharashtra	10639	4871.47310	440	303.64370	1452	621.449
Orissa	4348	1212.54400	931	287.75960	504	152.387
Punjab	2594	2155.46620	456	253.12820	309	113.1209
Rajasthan	8471	5116.80990	961	701.28600	351	235.67361
Tamil Nadu	31174	5154.65490	6950	1363.25455	11667	1767.32321
Uttar Pradesh	3456	2125.93981	382	203.90337	184	132.58121
Uttarakhand	6094	2986.09090	1163	562.04725	1454	2104.28143
West Bengal	1416	542.58352	276	129.95637	125	47.7499
Total (A)	181362	63984.07501	26115	9845.50567	38338	12581.99149
North Eastern States						
Arunachal Pradesh	20	29.31190	17	25.47890	10	15.0427
Assam	4471	3444.44998	671	677.67325	379	339.46846
Manpur	16	20.00000	1	1.25000	8	10.125
Meghalaya	26	17.99240	15	7.99450	4	2.332
Mizoram	137	112.77200	133	109.95850	35	23.2603
Nagaland	36	12.68160	34	12.13306	5	1.562
Sikkim	52	41.24120	18	14.63900	9	4.246
Tripura	288	97.97044	74	29.18342	16	9.74032
Total (B)	5046	3776.41952	963	878.31063	466	405.77678
Grand Total (A) + (B)	186408	67760.49453	27078	10723.81630	38804	12987.76827

Source: DAHD&F, Ministry of Agriculture

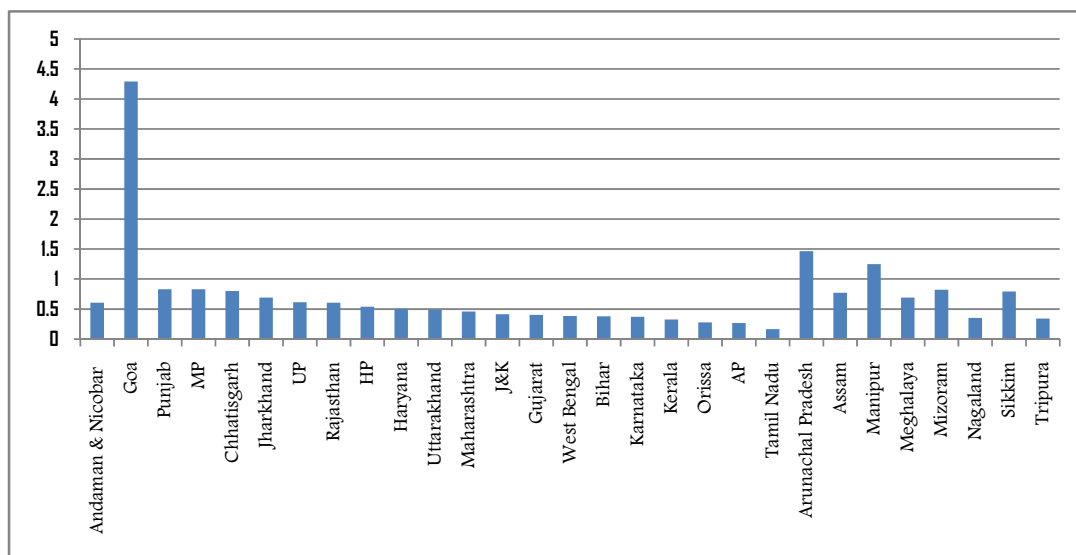
S. No.	State	2010-11		2011-12		2012-13		2013-14		Cumulative	
		Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1	Andaman & Nicobar	0	0	1	1.25	0	0	11	6.04	12	7.29
2	Andhra Pradesh	105	120.893	6788	1494.26	6002	1519.38	40679	11205.80	53574	14340.33
3	Bihar	0	0	60	56.49	1658	530.14	5873	2282.99	7591	2869.61
4	Chhattisgarh	0	0	61	28.83	127	73.58	444	403.02	632	505.43
5	Goa	0	0	0	0.00	0	0.00	1	4.29	1	4.29
6	Gujarat	195	78.12	740	429.75	4274	1298.01	11324	4887.61	16533	6693.49
7	Haryana	0	0	150	87.45	883	384.15	2743	1428.79	3776	1900.39
8	Himachal Pradesh	396	205.62	2079	1093.13	1128	627.24	1786	976.71	5389	2902.70
9	Jammu & Kashmir	514	196.81	2097	824.39	1832	746.21	1423	660.54	5866	2427.95
10	Jharkhand	0	0	16	11.75	61	35.19	31	27.67	108	74.61
11	Karnataka	2	2.45	1387	362.29	1689	458.58	7187	2978.13	10265	3801.44
12	Kerala	0	0	494	200.89	1543	509.63	4978	1583.06	7015	2293.58
13	Madhya Pradesh	52	34.522	605	435.08	384	295.58	1367	1232.21	2408	1997.39
14	Maharashtra	51	23.777	3193	1631.31	4642	1831.61	2753	1384.78	10639	4871.47
15	Orissa	0	0	148	31.10	927	243.01	3273	938.44	4348	1212.54
16	Punjab	0	0	355	332.80	704	585.82	1535	1236.84	2594	2155.47
17	Rajasthan	61	50.205	1725	1244.88	2708	1587.74	3977	2233.99	8471	5116.81
18	Tamil Nadu	267	46.073	2602	443.37	2437	477.11	25868	4188.11	31174	5154.66
19	Uttar Pradesh	27	12.927	1085	646.72	1077	684.29	1267	782.00	3456	2125.94
20	Uttarakhand	139	71.667	1918	861.84	933	465.34	3104	1587.24	6094	2986.09
21	West Bengal	0	0	261	11.29	297	98.92	858	432.37	1416	542.58
	TOTAL (a)	1809	843.064	25765	10228.8489	33306	12451.52582	120482	40460.63323	181362	63984.072
1	Arunachal Pradesh	0	0	6	6.83	3	5.00	11	17.48	20	29.31
2	Assam	153	104.702	1385	1021.15	1317	1060.70	1616	1257.91	4471	3444.45
3	Manipur	0	0	16	20.00	0	0.00	0	0.00	16	20.00
4	Meghalaya	1	0.833	8	7.58	9	4.16	8	5.41	26	17.99
5	Mizoram	1	1	9	12.19	28	37.84	99	61.74	137	112.77
6	Nagaland	0	0	0	0.00	12	3.72	24	8.96	36	12.68
7	Sikkim	14	19.58	2	3.82	4	5.00	32	12.84	52	41.24
8	Tripura	0	0	128	34.76	65	15.95	95	47.27	288	97.97
	TOTAL (b)	169	126.115	1554	1106.3283	1438	1132.3641	1885	1411.6066	5046	3776.414
	Total	1978	969.179	27319	11335.177	34744	13583.88992	122367	41872.24	186408	67760.486

Source: DAHD&F, Ministry of Agriculture

Very interestingly Andhra Pradesh & Tamil Nadu had a very little off take of subsidy through DEEDS loans during 2010-2013 which has grown three times during 2013-14 with corresponding increase in amount disbursed. The year-wise physical & Financial Progress of the scheme is given in Table 2.5. The major reason for this was a high pendency of loan applications received up to June 2012 which were considered eligible for subsidy during 2013-14. Same is the case with the states of Gujarat, Haryana and Karnataka. Among the North-Eastern states, except Assam the DEEDS scheme has not been very popular. There was a very little off-take both in terms of number of units and amount disbursed specially in all the hilly states. Assam has a major share in number of units (88.6 percent) and also in amount disbursed (91.2%). However, the study indicated that crossbred/improved cow units are becoming popular in NE region.

The states of Punjab and Madhya Pradesh have disbursed highest average subsidy amount i.e. Rs.83000/- per project followed by Chhattisgarh and Jharkhand. (Refer Figure 2.3- State-wise Average Subsidy). On the other hand, Tamil Nadu and Andhra Pradesh have disbursed lowest average subsidy amount i.e. Rs.17000/- per project. It implies that Tamil Nadu and Andhra Pradesh had covered large number of entrepreneurs who have established smaller dairy units of 2 dairy animals, whereas Punjab and Madhya Pradesh have entrepreneurs being disbursed larger subsidy for 5-10 dairy animal units.

Figure 2.3 State-wise Average Subsidy Disbursed per Entrepreneur (in Rs.)



Source: DAHD&F, Ministry of Agriculture

2.3 Compliance of Guidelines

In order to achieve the targeted objectives of the scheme, DADH&F has issued explicit guidelines for smoother implementation of the scheme. The guidelines were improvised every year to smoothen out the implementation bottlenecks and monitoring requirements. An empowered committee under the chairmanship of Secretary (ADF) oversees the overall implementation and has the discretion to modify the guidelines and the unit costs of various components based on the inputs of NABARD and Joint Monitoring Committee (JMC) headed by Joint secretary (DD).

The scheme guidelines envisage higher subsidy amount to SC/ST category of DEDS beneficiaries. Discussions with NABARD revealed that although such benefits were given to eligible beneficiaries, exclusive data during 2011 and 2012 were not maintained. From 2013-14 onwards, such segregated data is available and have been represented in the Table 2.4. Among the various states J&K, Himachal Pradesh, Tamil Nadu & Orissa have reported more than 20 percent SC/ST beneficiaries with correspondingly higher utilization of subsidy, whereas states of Bihar, MP, Gujarat, Maharashtra, Jharkhand & Kerala have reported less than 10 % of such beneficiaries. Such states need to take adequate steps to motivate and give priority to SC/ST beneficiaries while approving the proposals.

As women contribute a larger share of time and labor in various dairy activities, the scheme envisaged to encourage more women entrepreneurs to own dairy units which can also provide them financial independence while supplementing household income and nutritional security. The women beneficiaries ranged from 4% to 40% in various states. The states of Kerala, Tamil Nadu, Himachal Pradesh and Jharkhand had more than 33 percent of women beneficiaries whereas West Bengal, Uttar Pradesh and Rajasthan have less than 10 percent of beneficiaries.

2.3.1 Utilization of Funds Reserved for Persons with Disability

DAHD&F had also advised to ensure utilization of 3% of the funds released during 2013-14 for the persons with disabilities as per provision of Persons with Disability Act 1995. Such exclusive data were not made available by NABARD.

During the field survey also no such case was found among the sample entrepreneurs. NABARD has to be instructed to maintain such data exclusively for compliance of the Act.

2.3.2 Signboard as Per Guideline

As per guidelines, all assisted units need to exhibit a sign board displaying that the unit is assisted by DAHD&F, Govt. of India through NABARD. However, the study team has not come across any small dairy entrepreneur unit displaying such information. Further a few units set up under other components which were covered under the study only 20% of the units had complied. The discussion with the implementing banks revealed that they do not insist such display sign board as it is considered a minor issue. However, it is very important for the purpose of transparency and publicity of the scheme that such signboards must be displayed by the beneficiary.

2.3.3 Back Ended Subsidy

As per guidelines, Back ended capital subsidy is to be credited to the beneficiary accounts within the same month (Now 7 days), however there were many complaints that the subsidy has not been credited in beneficiary accounts. Further the beneficiaries do not have any mechanism to know whether the subsidy has been credited in their account or not. Participating banks always blame NABARD office for delay in the release of subsidy.

2.3.4 Adherence to Techno Economic Specification

The participating banks are usually following the guidelines given from time to time from DAHD & F and NABARD and subsidy claims are forwarded for Loans advanced to eligible beneficiaries only. They are adhering to norms of appraising the projects proposals with regard to techno-economic feasibility, however in many cases the bank officials are not well verse with technical specifications as well as technical terms being used in project proposals. They are mostly not aware about all the components and hence advancing loans for other components is very limited. The default cases were found wherever the guidelines have not been adhered to, however, this has led to such cases where outstanding loan amount is higher than the actual loan advanced.

2.3.5 Margin Money

In several states bankers are reluctant to advance loans without adequate safety back up. Bankers demand safety of their funds as in case of default their money is at stake and hence in certain cases they even demand for collateral or even fixed deposits. The revised guidelines have suggested not insisting for 10 percent margin money in case of loan amount being less than Rs one lakh. However, in practice, it is still not followed widely.

2.3.6 Publicity

The scheme envisaged that NABARD would arrange for adequate publicity to the scheme throughout the country to ensure that benefits of the scheme can be availed by all eligible beneficiaries. However, during the field survey and discussions with other stakeholders it was revealed that such publicity is lacking. Except that the scheme details are mentioned in NABARD brochures available in few of the states, there was no visible publicity of the scheme. Even the beneficiaries have stated that they have come to know from some friends in banks about such a scheme. The local publicity and even publicity in local language is missing. The use of various media channels is also not being made. Discussions with NABARD officials revealed that there are no separate funds for such activities in this scheme. Further, due to the large spread of participating banks and their reach they receive large number of proposals even when scheme is open for less than 2 months. The subsidy allocation is limited and hence there is always an unsaturated demand. With more publicity, public dissatisfaction may further increase; hence media publicity is kept at a low pace.

It is still suggested that intensive publicity campaigns through awareness camps, use of local media, radio, TV publicity, are required especially in those States where the scheme still has less number of beneficiaries. State specific media strategies may be worked out by NABARD Regional Offices.

2.3.7 Loan Recovery

Recovery by banks is on Net Loan Amount only. However when subsidy is delayed they continue charging interest on Net outstanding loan. This is as per the guideline. Further, this fact is not known to the entrepreneurs as this is back-ended subsidy and is to be adjusted by banks after loan & interest has been repaid. NABARD is submitting monthly/quarterly report to DAHD&F on sanctions

under DEEDS. However, loan recovery data is not being forwarded. In absence of such data, it is difficult to find out whether the banks are facing any problem in recovery of loan.

2.3.8 Project Review Committees

JMC – review meeting are not held at regular intervals. JMC review meetings are required more frequently. PSC is examining eligible proposals for sanction of subsidy depending on number of proposals received by regional office of NABARD.

2.3.9 Disbursement of Loans

As per data made available by NABARD, all projects have been completed within the maximum stipulated period of nine months from the date of disbursement of the first installment. However, in most of the cases of small dairy units even the bigger loans of 5 lakhs has been disbursed in one installment only although there is clear guideline from NABARD to give loan at least in two parts. Grace period and repayment period of loans are decided as per norms only and installment is fixed accordingly. However, in case of default, the outstanding amount keeps on increasing. Usually the repayment period varies from 3-5 years. This is kept by participating banks as a safety net for faster recoveries.

2.3.10 Rate of Interest for Loan

Rate of Interest varies from bank to bank from 11.25% to 14%. It is particularly less in case of cooperative banks. Commercial banks are charging 13% or more. However, this is as per RBI guidelines and declared policy of Banks in this regard.

2.3.11 Default Account Status

Even though there are many default accounts, participating banks are reluctant to declare them as NPA. It has been stipulated that back ended capital subsidy with minimum lock in period of three years should be refunded if account becomes NPA. However, the study team did not find any case where the subsidy has been refunded.

Dairy Entrepreneurs Feedback

Chapter 3

3.0 Dairy Entrepreneur Feedback

The study covered Dairy Entrepreneurs spread over more than 26 districts in 13 States. In each state, regional office of NABARD, and 3-4 different implementing bank branches were selected for discussion and interaction in addition to other participating stakeholders. From each bank branch 8-10 entrepreneurs were randomly selected to assess the impact of the scheme at the grass root level. The entrepreneurs' sample differs from state to state ranging from 40 to 80 beneficiaries, depending on the extent of assistance provided in selected states.

In all 764 Dairy entrepreneurs were covered as part of the sample study. The data was collected through questionnaires by trained investigators. The data provided by them was mainly based on their experience of setting up Mini Dairy units by availing loan and subsidy as available under the DEDS. Some information was verified based on observation and documents available but most of the information was on recall basis or as perceived by the beneficiary. The information so collected had been analyzed and presented in following paragraphs.

3.1 Profile of Entrepreneurs Covered under Study

The category wise profile of sample beneficiaries as presented in table 3.1 reveals that nearly 83 percent of beneficiaries were from General category and 16 percent belonged to SC/ST category. This is in consonance with the all-India beneficiary category classification where 14.5 percent belonged to SC/ST category. Under the scheme there was a special component provision for SC/ST categories for whom a higher rate of subsidy was made available. Similarly, nearly 12 percent sample beneficiary belonged to women category as compared to all-India women beneficiary category of 20 percent. The highest female

participation was found to be in Andhra Pradesh, Karnataka and Kerala whereas it was very low in the state of Uttar Pradesh, Jharkhand, Manipur and Maharashtra. Though the data is encouraging, with proper publicity and motivation to these categories, there participation in DEDS can be further improved.

Table-3.1 Category wise Distribution of Sample Beneficiaries

State	Total No.	General	SC	ST	Women
Haryana	60	25	23	12	8
Uttar Pradesh	60	58	2	0	1
Gujarat	80	77	3	0	7
Maharashtra	80	62	17	1	4
Rajasthan	40	38	2	0	5
Chhattisgarh	60	55	0	5	7
Bihar	40	37	2	1	7
Jharkhand	20	17	-	3	2
Andhra Pradesh	80	75	--	5	14
Karnataka	80	62	13	5	11
Kerala	80	66	2	12	10
Tamil Nadu	80	60	20	-	8
Manipur	4	4	-	-	1
Overall (Percentage)	764 (100)	636 (83)	84 (11)	44 (6)	85 (11)

Source: NPC Field Survey, 2014

3.2 Literacy

The profile of entrepreneurs based on education is summarized in Table- 3.2 which indicates that only 18% beneficiaries were illiterate, nearly 50% had primary education and about 32% had higher education. This included nearly 8% graduates and post graduates. However, most of them did not have any formal education of dairying except that they were coming from such background where dairying was a natural profession. Among the States, Karnataka, Kerala & Gujarat had higher number of beneficiaries with higher educational background while AP, Jharkhand, Chhattisgarh, Maharashtra had more beneficiaries with lesser education. Overall, more beneficiaries of higher educational background are being attracted to take up dairy entrepreneurship as they are more at ease with approaching banks & completing various formalities as required by them. It

may be worthwhile to motivate prospective entrepreneurs with higher education backgrounds to take up various components of DEDS other than mini dairy unit.

Table-3.2: Profile of Beneficiaries Based on Education

State	Total No.	Illiterate	Primary	Matriculate	Graduate	Post Graduate
Haryana	60	8	33	14	5	0
Uttar Pradesh	60	9	25	12	8	6
Gujarat	80	6	41	29	4	0
Maharashtra	80	3	52	19	6	0
Rajasthan	40	8	20	12	0	0
Chhattisgarh	60	3	45	12	0	0
Bihar	40	3	16	15	6	0
Jharkhand	20	1	13	6	0	0
Andhra Pradesh	80	44	34	--	2	--
Karnataka	80	30	20	20	10	--
Kerala	80	17	18	33	11	1
Tamil Nadu	80	7	60	10	1	2
Manipur	4			2	1	1
Overall (Percentage)	764 (100)	139 (18)	377 (49)	184 (24)	54 (7)	10 (1)

Source: NPC Field Survey, 2014

3.3 Primary Occupation

The state wise primary occupation details of the beneficiaries is presented in Table 3.3. Animal Husbandry as a primary occupation was observed in only 12% of sample beneficiaries whereas remaining 82% of sample beneficiaries had only agriculture as primary occupation. This implies that animal husbandry is being practiced as a supplementary source of income for majority of beneficiaries. Such beneficiaries are mostly interested in mini dairy units and many of them are taking up dairying for the first time.

The sample beneficiaries from Haryana, Gujarat, Chhattisgarh & Jharkhand were more inclined to expand their dairy activities as they had Animal Husbandry as primary occupation, while sample beneficiaries from AP, Tamil Nadu & UP has adopted dairying as allied activity with more number of small mini-dairy units.

Table-3.3 Primary Occupation of Beneficiary entrepreneurs

State	Total No.	Agriculture	Animal Husbandry	Self Employed	Service
Haryana	60	41	12	4	3
Uttar Pradesh	60	55	0	1	4
Gujarat	80	53	22	3	2
Maharashtra	80	77	2	0	1
Rajasthan	40	32	3	5	0
Chhattisgarh	60	39	19	2	0
Bihar	40	34	3	2	1
Jharkhand	20	8	7	5	0
Andhra Pradesh	80	80	--	--	--
Karnataka	80	64	10	5	1
Kerala	80	62	10	4	4
Tamil Nadu	80	80	--	--	--
Manipur	4		2	2	
Total (Percentage)	764	625 (81.81)	90 (11.78)	33 (4.32)	16 (2.09)

Source: NPC Field Survey, 2014

3.4 Family Size

In most of the States, the contribution of family labor especially women is very high in agriculture & allied activities and hence family size is one of the influential factor for taking up such activities.

The table 3.4 indicates that on an average family size varies from 4 to 6 members per family in selected sample consisting of 1-2 male, 1-2 female and 2 children. With such a family size they can take up only small dairy units which can be maintained with their spare time. The dairy units with more than 5 animals are being taken up by entrepreneurs who have larger family size. Further, hired labour is engaged on full-time basis by dairy entrepreneurs to manage larger units. Such incidences are very common in Haryana and Gujarat despite cash out-flows for hired labour. The state-wise sample data suggested that Uttar Pradesh, Maharashtra, Bihar & Jharkhand have large average family size among the States while Chhattisgarh, Kerala and Tamil Nadu have lower family size.

Table-3.4: Average Family Size of Sample Beneficiaries

State	Total No.	Male	Female	Children	Average Family Size
Haryana	60	81	89	139	5
Uttar Pradesh	60	95	92	159	6
Gujarat	80	108	103	177	5
Maharashtra	80	162	146	192	6
Rajasthan	40	40	44	106	5
Chhattisgarh	60	72	68	91	4
Bihar	40	71	68	114	6
Jharkhand	20	27	31	59	6
Andhra Pradesh	80	108	108	157	5
Karnataka	80	159	121	116	5
Kerala	80	131	119	61	4
Tamil Nadu	80	111	104	117	4
Manipur	4	6	9	6	5
Overall	764	1171	1102	1494	5

Source: NPC Field Survey, 2014

3.5 Awareness about DEDS

The study revealed that there is no formal mechanism for publicity and awareness about this scheme. Most of the Entrepreneurs have come to know from fellow dairy-farmers especially those who have availed loan earlier. Some dairy-farmers, who have KCC or availed crop loans and are in contact with bank, got further information about DEDS from the bank-officials. Only in few cases, the entrepreneurs came to know about the scheme from other sources such as NABARD, Dairy Dept., other media sources etc. Entrepreneurs, who are coming in contact with bank for any reason, usually come to know about the schemes.

The state-wise number of beneficiaries becoming aware about the scheme from various sources has been presented in Table 3.5. It also reveals that in the State of Gujarat, Rajasthan Andhra Pradesh and Karnataka where cooperatives are in strong position are major source of awareness among the entrepreneurs. However in other States, cooperatives are not being used as a medium of spreading awareness about DEDS. The milk cooperatives and milk unions along with State Dept. of Animal Husbandry & Dairying can be strong medium of spreading awareness in the specific regions.

Table-3.5: Source of Awareness about DEDS

State	Total No.	Fellow Farmers	News Paper / TV/Radio	Pamphlets	Dairy Deptt.	NABARD (RO)	Bank	Others
Haryana	60	12	19	0	0	0	29	0
Uttar Pradesh	60	3	0	0	0	0	57	0
Gujarat	80	11	11	2	3	7	25	31
Maharashtra	80	9	0	0	1	0	70	0
Rajasthan	40	3	1	1	4	1	29	5
Chhattisgarh	60	57	0	0	10	0	25	
Bihar	40	6	10	0	16	4	19	0
Jharkhand	20	20	0	0	5	0	9	
AP	80	78	--	--	10	--	50	10
Karnataka	80	10	--	--	22	4	49	3
Kerala	80	27	3	1	9	--	17	--
Tamil Nadu	80	5	--	--	--	--	75	--
Manipur	4	1					3	
Overall (Percentage)	764	242 (32)	44 (6)	4 (1)	80 (10)	16 (2)	457 (60)	49 (6)

Source: NPC Field Survey, 2014

3.6 Awareness about Components of the Scheme

The sample beneficiaries were asked about the awareness of various components under DEDS, extent of assistance, subsidy and repayment mode.

The responses on these aspects have been summarized in Table - 3.6 A to 3.6 I.

3.6.A Establishment of Small Dairy Units

It was obvious that almost all the beneficiary entrepreneurs were aware about the mini dairy component as most of the beneficiaries have availed benefit under this component only. However, around 10% of beneficiaries were not aware about the extent of assistance, subsidy and repayment mode. This may be due to their ignorance about greater details of the scheme especially in those States where beneficiaries were more concerned about getting the subsidy only. The awareness about other components is very low. These components being supportive components, their demand is low, total investment is higher and the skill-sets required are quiet different than small dairy unit. In some cases technical knowledge is also required.

Table-3.6A: Component-wise Awareness (Establishment of Small Dairy Unit)

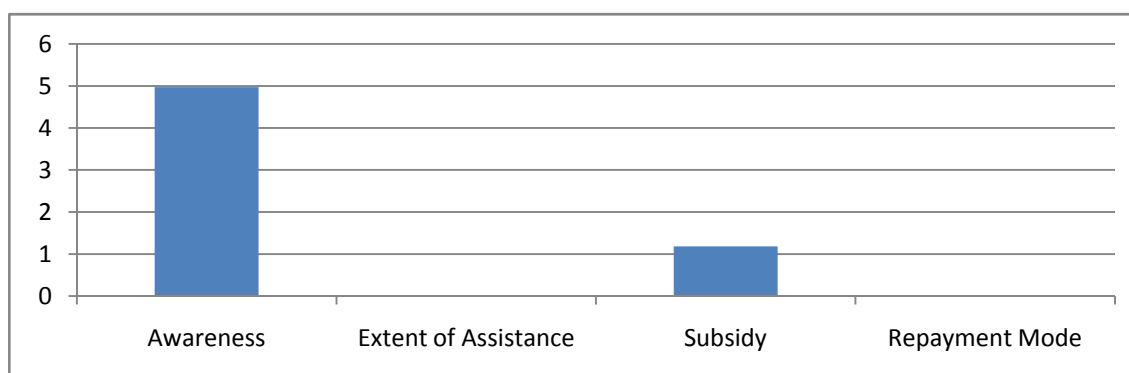
State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	60	60	60	60
Uttar Pradesh	60	60	60	60	60
Gujarat	80	79	72	77	78
Maharashtra	80	80	80	80	80
Rajasthan	40	40	38	40	40
Chhattisgarh	60	60	60	60	55
Bihar	40	40	40	40	40
Jharkhand	20	20	17	20	19
Andhra Pradesh	80	76	53	34	32
Karnataka	80	80	46	71	59
Kerala	80	80	80	80	80
Tamil Nadu	80	80	80	80	80
Manipur	4	2	2	2	1
Overall (Percentage)	764	757 (99)	688 (90)	704 (92)	684 (89)

Source: NPC Field Survey, 2014

3.6.B Rearing of Heifer

The second important component was heifer rearing units under the DEDS. The State wise data regarding awareness, extent of assistance, subsidy & repayment mode is illustrated in Table 3.6B. The table reveals that out of total of 764 beneficiaries only 5% were aware about this component. However even these beneficiaries were ignorant about the further details about the scheme. The State wise classification revealed that beneficiaries in the states of Rajasthan, Gujarat and Chhattisgarh only were aware about the component.

Fig 3.6B Awareness regarding component on Rearing of Heifers



Source: NPC Field Survey, 2014

Table-3.6B: Component-wise Awareness (Rearing of Heifer)

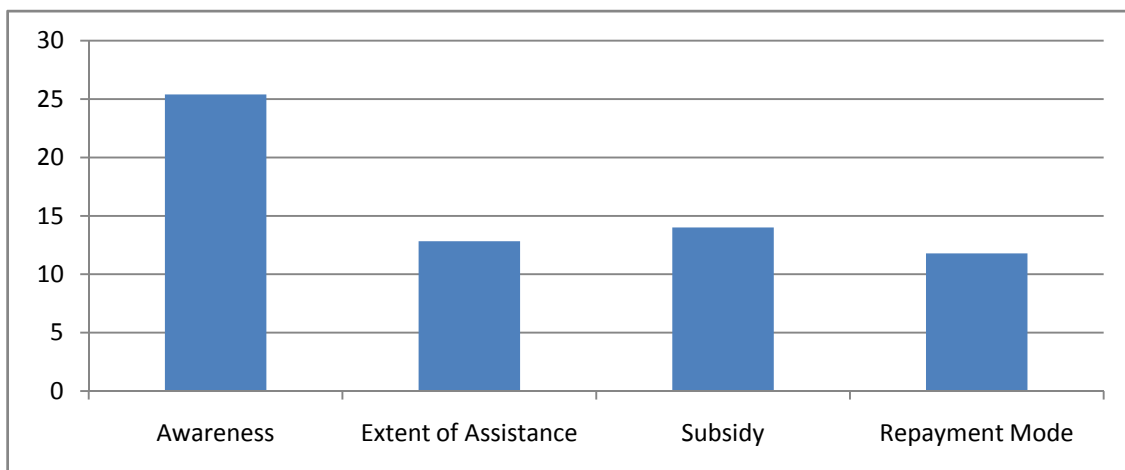
State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	10	0	0	0
Maharashtra	80	0	0	0	0
Rajasthan	40	8	0	0	0
Chhattisgarh	60	13	0	9	0
Bihar	40	0	0	0	0
Jharkhand	20	7	0	0	0
Andhra Pradesh	80	--	--	--	--
Karnataka	80	--	--	--	--
Kerala	80	--	--	--	--
Tamil Nadu	80	--	--	--	--
Manipur	4	0	0	0	0
Overall (in percentage)	764 (100)	38 (4.97)	0 (0.00)	9 (1.18)	0 (0.00)

Source: NPC Field Survey, 2014

3.6.C Vermi Compost

The third important component was assistance for vermi-compost units under the DEDS. This component was not available separately but only along with milch animal unit. As illustrated in Table 3.6C, about 25% of sample beneficiaries were aware of this component. However, other details on extent of assistance, subsidy & repayment mode was known only to half of them.

Figure- 3.6C Component-wise Awareness (Vermi Compost)



Source: NPC Field Survey, 2014

The beneficiaries from the Haryana, Uttar Pradesh, Jharkhand and Manipur reported of having no knowledge about the component.

Table-3.6C Component-wise Awareness (Vermi Compost)

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	7	2	2	2
Maharashtra	80	0	0	0	0
Rajasthan	40	5	1	1	1
Chhattisgarh	60	2	0	0	0
Bihar	40	7	1	2	2
Jharkhand	20	0	0	0	0
Andhra Pradesh	80	57	--	--	--
Karnataka	80	24	14	15	5
Kerala	80	12	--	7	--
Tamil Nadu	80	80	80	80	80
Manipur	4	0	0	0	0
Overall (Percentage)	764 (100)	194 (25.39)	98 (12.83)	107 (14)	90 (11.78)

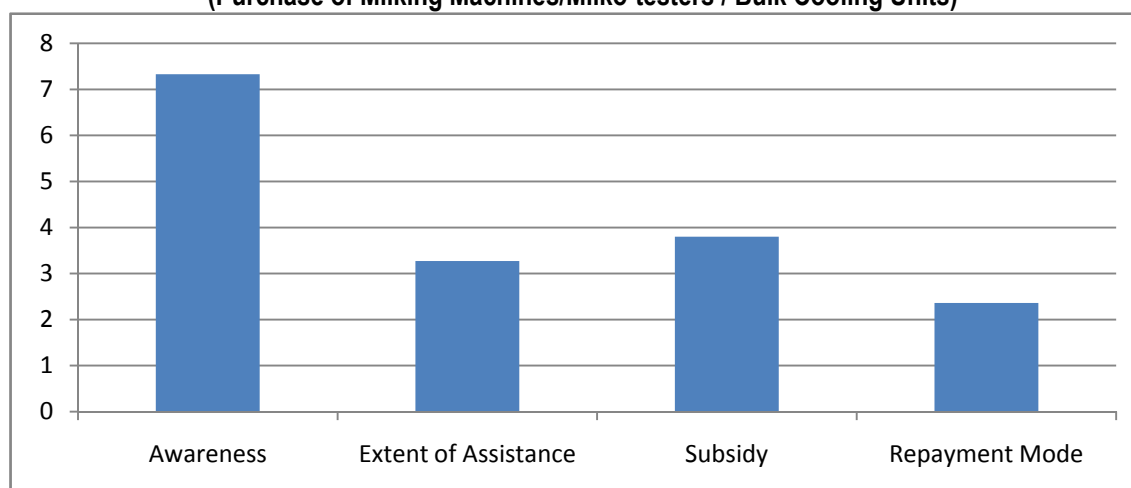
Source: NPC Field Survey, 2014

3.6.D Milking Machine /Milko-testers/Bulk Cooling Units

The fourth important component was assistance towards purchase of milking machine /milko-testers/bulk cooling units (up to 5000 lit capacity) under the DEDS. As illustrated in table 3.6D, only 7% of sample beneficiaries were aware of this component. The benefit of this component can be availed by big dairy entrepreneurs or private dairy operators. Hence, it is not very widely known among the small dairy entrepreneurs. This component was more popular among milk cooperatives, milk union, private dairies as it required higher capital investment.

The sample beneficiaries from Gujarat, Rajasthan and Kerala were aware about the component however, it was observed that milking machines are also becoming popular in some of the other States. Subsidy on this component is also available in other State sponsored schemes in many of the States.

**Figure-3.6D Component-wise Awareness
(Purchase of Milking Machines/Milko-testers / Bulk Cooling Units)**



Source: NPC Field Survey, 2014

**Table-3.6D Component-wise Awareness
(Purchase of Milking Machines/Milko- Testers / Bulk Cooling Units)**

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	11	11	11	11
Maharashtra	80	0	0	0	0
Rajasthan	40	4	3	3	3
Chhattisgarh	60	0	0	0	0
Bihar	40	0	0	0	0
Jharkhand	20	0	0	0	0
Andhra Pradesh	80	--	--	--	--
Karnataka	80	--	--	--	--
Kerala	80	29	11	7	4
Tamil Nadu	80	12	--	8	--
Manipur	4	0	0	0	0
Overall (Percentage)	764	56 (7.33)	25 (3.27)	29 (3.80)	18 (2.36)

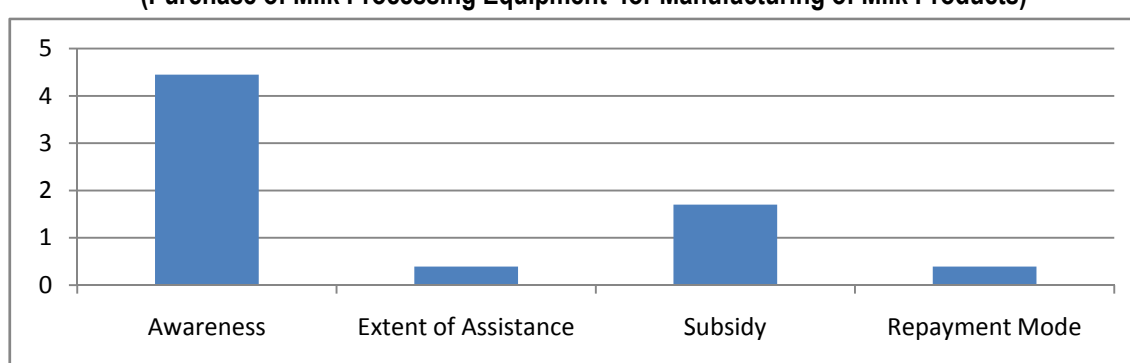
Source: NPC Field Survey, 2014

3.6.E Purchase of Dairy Processing Equipments

The next important component was purchase of dairy processing equipment for manufacturing of milk products. This component envisaged manufacturing of indigenous milk products such as paneer, mawa, khoa, ghee, milk cream and sweets by the dairy entrepreneurs. As illustrated in table 3.6 E, only 5% of sample beneficiaries were aware of this component. The benefit of this

component can be availed by a different kind of dairy entrepreneur, hence it is not very widely known among the small dairy entrepreneurs. This component was more popular among Khoa milk cooperatives, milk union, private dairies as it required higher capital investment. This component aimed at promoting modern equipments & technologies for manufacturer of safe milk products especially in unorganized sector. However, there were only a few takers reported from the State of Rajasthan & Gujarat. This component can be very easily used to upgrade traditional milk products making units.

**Figure-3.6 E: Component-wise Awareness and Assistance
(Purchase of Milk Processing Equipment for Manufacturing of Milk Products)**



Source: NPC Field Survey, 2014

**Table-3.6 E: Component-wise Awareness
(Purchase of Milk Processing Equipment for Manufacturing of Milk Products)**

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	0	0	0	0
Maharashtra	80	0	0	0	0
Rajasthan	40	11	2	2	2
Chhattisgarh	60	5	0	3	0
Bihar	40	0	0	0	0
Jharkhand	20	1	0	1	0
Andhra Pradesh	80	--	--	--	--
Karnataka	80	--	--	--	--
Kerala	80	4	1	1	1
Tamil Nadu	80	13	--	6	--
Manipur	4	0	0	0	0
Overall (Percentage)	764	34 (4.45)	3 (0.39)	13 (1.70)	3 (0.39)

Source: NPC Field Survey, 2014

3.6.F Transportation Facilities & Cold Chain for Dairy Products

This component is a very important link in the milk supply chain. Milk being a very perishable product, it needs to be transported to a milk processing unit and for increasing their shelf life all milk products require cold chain transportation. As illustrated in Table 3.6 F, only 5% of sample beneficiaries were aware of this component. The benefit of this component can be availed by different kind of dairy entrepreneur who is acting as a milk collector/collator. Even private dairy owners having milk chilling centers, ice cream manufacturers, milk suppliers etc. can make use of this component for purchase of refrigerated vans. There is very little awareness about this component.

Table-3.6F Establishment of Transportation Facilities & Cold Chain for Dairy Products

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	15	5	5	5
Maharashtra	80	0	0	0	0
Rajasthan	40	5	0	0	5
Chhattisgarh	60	5	0	3	0
Bihar	40	0	0	0	0
Jharkhand	20	1	0	1	0
Andhra Pradesh	80	0	0	0	0
Karnataka	80	0	0	0	0
Kerala	80	4	2	3	0
Tamil Nadu	80	10	0	7	0
Manipur	4	0	0	0	0
Overall (Percentage)	764	40 (5.24)	7 (0.92)	19 (2.49)	10 (1.31)

Source: NPC Field Survey, 2014

3.6.G Establishment of Cold Storage for Milk Products

This is a very specialized component and as such lots of beneficiaries are not aware about this. As illustrated in Table 3.6G, only 5% of the sample beneficiary are aware about existence of such component without much knowledge of any other details. This component is basically for a mini cold storage, specially made for milk products such as ice, cream, cheese, paneer, lassi etc.

Table-3.6G: Establishment of Cold Storage for Milk Products

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	5	5	5	5
Maharashtra	80	0	0	0	0
Rajasthan	40	1	0	0	0
Chhattisgarh	60	5	0	3	0
Bihar	40	0	0	0	0
Jharkhand	20	1	0	1	0
Andhra Pradesh	80	10	0	0	0
Karnataka	80	0	0	0	0
Kerala	80	3	1	1	1
Tamil Nadu	80	10	1	7	0
Manipur	4	0	0	0	0
Overall (Percentage)	764	35 (4.58)	7 (0.92)	17 (2.23)	6 (0.79)

Source: NPC Field Survey, 2014

3.6.H Establishment of Pvt. Vet. Clinics

This component is also not known among the dairy entrepreneurs as this can be availed by a veterinary doctor only. As discussed in table-3.6H, there were hardly any beneficiaries who were aware about this component of establishment of private veterinary clinics except in Tamil Nadu and Kerala. Some of the State Govt. are also financing for such component in their schemes.

Table-3.6H: Establishment of Pvt. Vet. Clinics

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	0	0	0	0
Maharashtra	80	0	0	0	0
Rajasthan	40	0	0	0	0
Chhattisgarh	60	0	0	0	0
Bihar	40	0	0	0	0
Jharkhand	20	0	0	0	0
Andhra Pradesh	80	0	0	0	0
Karnataka	80	0	0	0	0
Kerala	80	1	1	0	0
Tamil Nadu	80	10	0	7	0
Manipur	4	0	0	0	0
Overall (Percentage)	764	11 (1.44)	1 (0.13)	7 (0.92)	0 (0.00)

Source: NPC Field Survey, 2014

3.6.1 Establishment of Marketing Outlets & Parlors

This component is especially aimed at marketing of milk and milk products. Only in case of Gujarat & Kerala, a few beneficiaries have reported awareness about this component. Such milk parlors are becoming very popular in the State of Gujarat and Kerala. These parlors can be established by any entrepreneur either in market place/ canteens or at railway station/bus stand.

Table-3.6I: Establishment of Marketing Outlets & Parlors

State	Total No.	Awareness	Extent of Assistance	Subsidy	Repayment Mode
Haryana	60	0	0	0	0
Uttar Pradesh	60	0	0	0	0
Gujarat	80	11	0	0	0
Maharashtra	80	0	0	0	0
Rajasthan	40	0	0	0	0
Chhattisgarh	60	5	0	2	0
Bihar	40	0	0	0	0
Jharkhand	20	1	0	1	0
Andhra Pradesh	80	0	0	0	0
Karnataka	80	0	0	0	0
Kerala	80	17	4	0	0
Tamil Nadu	80	0	0	0	0
Manipur	4	0	0	0	0
Overall (Percentage)	764	34 (4.45)	4 (0.52)	3 (0.39)	0 (0.00)

Source: NPC Field Survey, 2014

3.7 Financial Assistance Received

The Distribution of the Beneficiaries based on Financial Assistance Received on various components has been compiled in Table-3.7 which indicates that 98% of sample beneficiaries have availed loan and subsidy under the component of mini dairy units followed by rearing heifer (0.65%), dairy equipment, Milko-testor & Bulk Milk Coolers (0.4%) ; transportation facilities (0.4%) and cold storage (0.13%). The study team did not come across beneficiaries of other components.

Table-3.7: Distribution of the Beneficiaries based on Financial Assistance Received

State	Total No.	Mini Dairy Farm	Rearing of heifer calves	Milking Machines, Milkotestor, BMC	Processing Equipment for traditional products	Transportation Facilities	Cold Storage Facilities	Others
Haryana	60	60	0	0	0	0	0	0
Uttar Pradesh	60	60	0	0	0	0	0	0
Gujarat	80	73	1	0	0	6	0	0
Maharashtra	80	80	0	0	0	0	0	0
Rajasthan	40	37	0	0	3	0	0	0
Chhattisgarh	60	59	0	0	0	0	1	0
Bihar	40	33	4	3	0	0	0	0
Jharkhand	20	20	0	0	0	0	0	0
AP	80	80	0	0	0	0	0	0
Karnataka	80	80	0	0	0	0	0	0
Kerala	80	80	0	0	0	0	0	0
Tamil Nadu	80	80	0	0	0	0	0	0
Manipur	4	4	0	0	0	0	0	0
Overall (Percentage)	764	746 (97.64)	5 (0.65)	3 (0.4)	3 (0.4)	6 (0.79)	1 (0.13)	0 (0.00)

Source: NPC Field Survey, 2014

It is obvious that the number of beneficiaries under component other than the mini dairy units would not be very large as all the other components act as backward and forward linkages to the dairy enterprises. These components are included in the scheme as an important linkage to the entire supply chain of milk. The demand for these components would remain low initially but would rise gradually as the scheme matures. With the increasing interest in dairy entrepreneurship, there is a large gap in availability of quality breed of animals which can be easily filled up by setting up heifer rearing units at several locations in all the States. Further people are less interested in setting up Heifer units as it is less profitable, requires more attention and does not give immediate return.

3.8 Time taken for Disbursement of Loan & Subsidy

There was a general perception that the disbursement of loan from receipt of application takes a long time and varies from bank to bank. However, banks have reported to have processed such application within 2 months as per RBI guidelines. The details of average time taken for various activities in sanctioning of loan have been illustrated in Table 3.8. As, reported by sample beneficiaries, the average time

taken for processing of loan application and disbursement is 39 days (Range 9-62 days). The average time taken for initial inspection was 12 days, for processing and further sanctioning of loan was 15 days and for sanctioning & disbursement of loan amount was 12 days. The States namely Haryana, Karnataka, Tamil Nadu & Kerala reported to have disbursed the loan within one month of receipt of the application where as Chhattisgarh, Bihar and Maharashtra reported to have taken around 2 months for such loan disbursement. It can be observed from this table that the highest average time taken for inspection of loan application is in Bihar (30 days); for internal paper work to sanction the loan after inspection is 25 days in case of Maharashtra and time taken for disbursement after sanction of loan is 30 days in case of Rajasthan and Chhattisgarh.

With regard to release of subsidy, the average time taken was around 10 months (303 days). Some of the States like Manipur, AP and Karnataka have reported to have taken more than One and half years. The least time taken for the same was reported by beneficiaries of Jharkhand (90 days) and Gujarat (101 days). It is interesting to know that in the State of Jharkhand there is limited number of entrepreneurs whereas in Gujarat the entire subsidy is routed to entrepreneurs through cooperatives.

Table-3.8 A: Average Time taken for Various Activities in Sanctioning of Loan

State	Application Submitted & Inspection	Inspection & Sanctioning of Loan	Sanction and Disbursement of Loan	Total Time taken for processing of loan	Sanctioning of Loan and Subsidy release
Haryana	3	5	1	9	340
Uttar Pradesh	6	23	1	30	204
Gujarat	8	14	18	40	101
Maharashtra	13	25	16	54	271
Rajasthan	7	9	30	46	120
Chhattisgarh	17	15	30	62	135
Bihar	32	12	17	61	158
Jharkhand	9	13	27	49	90
AP	23	24	3	50	501
Karnataka	13	9	7	29	706
Kerala	7	14	0	21	493
Tamil Nadu	8	7	7	22	262
Manipur	5	25	2	32	900
Average days	12	15	12	39	303

Source: NPC Field Survey, 2014

Table 3.8 B: Average Time Taken (days) between Sanction of Loan and Release of Subsidy during Various Years

State	2011-12	2012-13	2013-14
Haryana	403	270	163
Uttar Pradesh	308	230	170
Gujarat	365	130	90
Maharashtra	380	262	135
Rajasthan	170	120	90
Chhattisgarh	207	191	76
Bihar	294	150	75
Jharkhand	179	75	69
Andhra Pradesh	706	590	380
Karnataka	758	675	543
Kerala	501	390	380
Tamil Nadu	302	250	196
Manipur	902	700	-

Source: NPC Field Survey, 2014

As there was a high lead time reported for release of subsidy, a further probe was made whether this was a one time phenomena or there is really a problem. The data was further analyzed for each year and the average time taken (No. of days) between sanction of loan and release of subsidy during from 2011-2014 years is presented in Table 3.8 B, It is very clear from the table that there was initial problems during 2011-12 & 2012-13. The decreasing trend indicates the intervention of DADH&F to resolve the subsidy issues, pending utilization certificate from NABARD and enforcing the guidelines to improve the effectiveness of the system. The time taken for delayed release of subsidy ultimately reduced to less than 6 months (Bihar-69 days, Jharkhand-75 days, Chhattisgarh-76 days and Gujarat & Rajasthan -90 days) during 2013-14 and efforts are already on for further reduction of such time. This has helped in improving the morale of the bank officials and the confidence of entrepreneurs in such Government schemes. However, there is need to pay special attention in southern and north-eastern states.

3.9 Sanctioned Loan and Margin Money

NABARD has been implementing DEEDS through various banks Nationalized, cooperative, Rural/Gramin banks as well as private banks including multinational banks. During the sample survey, the participation of cooperative and multi national banks in DEEDS implementation was very limited in State of Haryana, UP, Bihar, Jharkhand and Andhra Pradesh. Apart from Nationalised bank such as SBI, PNB and other bigger banks which had participated almost in all States, cooperative banks were more prominent in Gujarat, Maharashtra, Rajasthan and Karnataka. Private big banks such as ICICI, YES Bank, AXIS bank etc. had participated more in State of Gujarat, Maharashtra, Kerala and Tamil Nadu while Gramin Banks banks were more prominent in Andhra Pradesh, Chhattisgarh, Uttar Pradesh and Haryana. It was also observed that maximum beneficiaries had availed loan from Nationalised bank followed by Gramin bank, Cooperative Bank and Private Bank in the selected states.

The data related to loan and margin money has been summarized in Table-3.9. It reveals that the average loan availed by the sample beneficiaries was around 1.95 lakhs whereas the overall average loan disbursed from Nationalized banks was Rs.190699, Cooperative Banks was 165726, Private banks was 140957 and Gramin Banks was 232194. In the scheme, the margin money to the extent of 10% was mandatorily required to avail the loan. From May 2014, DAHD&F issued guidelines for not insisting margin money upto the loan of Rs. 1.0 lakh. The overall margin money deposited by the DEEDS beneficiary in different banks varied from 12 to 14%, however in some States, the beneficiaries had deposited more margin money either on insistence of bank or voluntarily.

Table-3.9 Sanctioned Loan vis-a-vis Margin Money (Average)

State	Total No.	Nationalized Bank				Cooperative Bank				Multi National Banks (ICICI, Axis, Yes Bank)				Gramin Bank			
		Sanctioned loan	Margin Money (MM)	% MM	Sanctioned loan	Margin Money (MM)	% MM	Sanctioned loan	Margin Money (MM)	% MM	Sanctioned loan	Margin Money (MM)	% MM	Sanctioned loan	Margin Money (MM)	% MM	
Haryana	60	121919	11428	9.37	0	0	0	0	0	0	0	0	100000	10000	10		
UP	60	181000	24533	13.55	0	0	0	0	0	0	0	0	138170	19333	13.99		
Gujarat	80	180000	18000	10	190000	19000	10	100000	10000	10	270000	32000	11.85				
Maharashtra	80	318750	56500	17.73	136804	21348	15.6	324286	50036	15.43	0	0	0	0	0		
Rajasthan	40	191000	20000	10.47	181000	20000	11.05	180000	18000	10	0	0	0	0	0		
Chhattisgarh	60	117000	13750	11.75	167812	24333	14.5	0	0	0	475000	67000	14.11				
Bihar	40	346461	29119	9.3	0	0	0	0	0	0	179554	24888	13.8				
Jharkhand	20	129000	15100	11.71	0	0	0	0	0	0	0	0	0	0	0		
AP	80	107005	19304	18.04	0	0	0	0	0	0	500000	50000	10				
Karnataka	80	117130	16503	14.09	375000	49987	13.33	0	0	0	144833	17084	11.79				
Kerala	80	50909	6414	12.61	60000	10320	17.2	55500	10555	19.02	0	0	0	0	0		
TN	80	118919	16036	13.48	49469	4617	9.33	45000	5207	11.57	50000	6000	12				
Manipur	4	500000	50000	10	0	0	0	0	0	0	0	0	0	0	0		
Overall Av.	764	190699	22822	12.47	165726	21372	13.00	140957	18760	13.20	232195	28288	12.19				

Source: NPC Field Survey, 2014

3.10 Rate of Interest Charged by Various Banks

It was observed that rate of interest on loan varied from 10.25 to 14.31% from bank to bank and State to State. The rate of interest being charged has been summarized in Table-3.10. It can be seen from the table that overall highest interest rate was charged by 13.33 % Cooperatives bank followed by 12.62% nationalized bank, 12.54% Gramin bank and 11.78% Private bank. The highest rate of interest in all the selected states was found in Cooperative bank (14.31%) in Tamil Nadu and lowest was charged by Gramin bank (10.25%) in Haryana. It was reported that in the western region private banks are charging lower interest rate than the nationalized banks.

Table-3.10 Rate of Interest (%) Charged by Various Banks

State	Total No.	Nationalized Bank	Cooperative Bank	Multi National Banks (ICICI, Axis, Yes Bank)	Gramin Bank
Haryana	60	11.67	0.00	0.00	10.25
Uttar Pradesh	60	12.63	0.00	0.00	12.06
Gujarat	80	12.80	12.00	10.50	12.00
Maharashtra	80	12.78	12.97	11.50	0.00
Rajasthan	40	13.80	14.25	13.50	0.00
Chhattisgarh	60	13.25	13.10	0.00	12.75
Bihar	40	13.13	0.00	0.00	13.75
Jharkhand	20	12.75	0.00	0.00	0.00
Andhra Pradesh	80	12.25	0.00	0.00	14.00
Karnataka	80	13.10	13.00	0.00	12.88
Kerala	80	11.77	13.69	11.91	0.00
Tamil Nadu	80	11.65	14.31	11.50	12.65
Manipur	4	12.50	0.00	0.00	0.00
Overall Average		12.62	13.33	11.78	12.54

Source: NPC Field Survey, 2014

3.11 Status of Timely Repayment of Loan by the Beneficiaries

The timely repayment of loan by the entrepreneurs is one of the indicators of the efficacy of the scheme. The status of such repayment in various States has been given in Table 3.11. It can be seen from the table that overall highest repayment was reported by private banks (99%) while it was lowest in case of nationalized bank (70.86%). The private banks are very stringent in advancing loans and also

have a strong follow up system for regular recovery. Mostly, the loan recovery is personal responsibility of the officer advancing the same. In nationalized banks, one of the reasons for less recovery is the frequent transfers, low accountability and poor follow up system. While nationalized bank of Gujarat, Rajasthan and Jharkhand had reported high recovery, it was lowest in the case of Manipur and Uttar Pradesh. In case of cooperative bank, lowest recovery was reported in Kerala State. In Gramin banks, the overall recovery was more than 82% and is usually higher than the Nationalised banks in all the States.

Table-3.11 Status of Timely Repayment of Loan by the Beneficiaries (in percentage)

State	Total No.	Nationalized Bank	Cooperative Bank	Multi National Banks (ICICI, Axis, Yes Bank etc.)	Gramin Bank
Haryana	60	73.21	0.00	0.00	75.00
Uttar Pradesh	60	36.00	0.00	0.00	60.00
Gujarat	80	100.00	100.00	95.00	95.00
Maharashtra	80	72.73	100.00	100.00	0.00
Rajasthan	40	100.00	100.00	100.00	0.00
Chhattisgarh	60	80.00	65.00	0.00	100.00
Bihar	40	62.96	0.00	0.00	77.78
Jharkhand	20	100.00	0.00	0.00	0.00
Andhra Pradesh	80	87.10	0.00	0.00	Nil
Karnataka	80	51.67	100.00	0.00	69.23
Kerala	80	81.58	62.50	100.00	0.00
Tamil Nadu	80	50.98	100.00	100.00	100.00
Manipur	4	25.00	0.00	0.00	0.00
Overall Average		70.86	89.64	99.00	82.43

Source: NPC Field Survey, 2014

3.12 Assets Created under the Scheme

The information on increase in livestock assets was sought from DEDS beneficiaries and has been summarized in Table 3.12. On an average there is more than 100 percent increase in the number of animals (110% in case of cow and 171% in case of buffalo). It can be observed from the table that an average cow increase from pre to post scheme 2 to 5 in case of cow and 2- 4 in case of buffalo. A very high increase in number of cows was observed. The highest number of cow increased in Maharashtra, Andhra Pradesh and highest number of buffalo increased in Uttar Pradesh and Karnataka.

Table-3.12 Assets Created under the Scheme

State	Total No.	No. of Cow		No. of Buffalo	
		Pre- Scheme	Post- Scheme	Pre- Scheme	Post- Scheme
Haryana	60	1	2	3	5
Uttar Pradesh	60	1	2	1	4
Gujarat	80	4	6	2	4
Maharashtra	80	2	8	2	6
Rajasthan	40	4	4	4	6
Chhattisgarh	60	2	7	1	2
Bihar	40	4	5	0	2
Jharkhand	20	2	5	1	2
Andhra Pradesh	80	3	7	2	5
Karnataka	80	2	4	1	4
Kerala	80	3	5	0	4
Tamil Nadu	80	2	3	0	1
Manipur	4	1	4	0	0
Overall Av. Animal/State		2.38	5.00	1.38	3.75
Percent increase from pre to post scheme		110		171.7	

Source: NPC Field Survey, 2014

3.13 Source of Purchase

The beneficiaries of the scheme were enquired about the source of purchase of cattle which has been illustrated State wise in the Table 3.13. It can be observed that entrepreneurs preferred to purchase animals from the local market, if available. Nearly half of the sample-entrepreneurs have purchased animals from the local market. In several States there are Cattle provider/agent/arranger/broker who may be purchasing quality animals from outside the State but are providing the same through local market. The scheme envisaged the provision of only cross breed, improved or descript animals to be purchased by the entrepreneurs. Outside State (around 20%) was the second most preferred source followed by fellow entrepreneurs (19%), animal fairs (11%) and other source (2%) etc. More than 50% beneficiaries from Gujarat and Chhattisgarh had purchased animals from outside State while in Kerala around 50% beneficiaries purchased animals from fellow dairy-farmers.

Table-3.13 Source of Purchase of Animals

State	Total No	Local Market	Fellow Farmers	Animal Fairs	Outside State	Others
Haryana	60	38	17	0	5	0
Uttar Pradesh	60	46	5	3	1	5
Gujarat	80	15	15	10	40	0
Maharashtra	80	36	11	32	1	0
Rajasthan	40	26	10	0	4	0
Chhattisgarh	60	3	5	5	47	0
Bihar	40	20	1	19	0	0
Jharkhand	20	0	1	0	19	0
Andhra Pradesh	80	62	7	0	11	0
Karnataka	80	50	14	15	1	0
Kerala	80	1	45	0	21	13
Tamil Nadu	80	63	17	0	0	0
Manipur	4	0	0	0	1	0
Overall %	100	47.37	19.47	11.05	19.74	2.37

Source: NPC Field Survey, 2014

Availability of good quality breed of animals is a great concern, both for dairy entrepreneurs and the State as it affects directly the economic feasibility of dairy enterprises. The State can play a major role in providing high productive animals through State owned breeding farms, State Agriculture Universities etc. Further, the State Department can make suitable arrangements for regular animal fairs in the different part of the State to provide easy and cheaper availability of animals.

3.14 Health Condition

At the time of taking loan on animals purchased, it is ensured that the animals are in good/very good condition and are to be certified by qualified veterinary doctor. The dairy entrepreneurs were asked to provide the present status of the animals purchased under DEDS. The State wise responses received in this regard have been compiled in Table 3.14. More than 85% of the beneficiaries reported that their animal health condition is either good or very good and they are satisfied as there are no serious health issues with these animals. Around 11% of the beneficiaries reported animal to be of average health condition while only 2.8 % reported the conditions to be poor or very poor. Only a few cases in State of Chhattisgarh, Uttar Pradesh and Jharkhand, had reported poor condition of animals which could be due poor rearing and maintenance of animals.

Table-3.14: Health Condition of Purchased Milch Animals

State	Total No.	Very Good	Good	Average	Poor	Very Poor
Haryana	60	0	43	17	0	0
Uttar Pradesh	60	1	36	18	4	1
Gujarat	80	70	10	0	0	0
Maharashtra	80	11	61	8	0	0
Rajasthan	40	35	5	0	0	0
Chhattisgarh	60	21	10	16	13	0
Bihar	40	21	19	0	0	0
Jharkhand	20	7	6	4	3	0
Andhra Pradesh	80	0	80	0	0	0
Karnataka	80	37	24	19	0	0
Kerala	80	33	43	4	0	0
Tamil Nadu	80	34	46	0	0	0
Manipur	4	2	2	0	0	0
Overall %		35.60	50.39	11.26	2.62	0.13

Source: NPC Field Survey, 2014

3.15 Average Lactation Period

The State to State lactation period of cow and buffalo was reported to be varying from 180 to 300 days. The average lactation period of cow is 223 day and while in case of buffalo is 220 days. In case of cow the lowest lactation period was reported in Tamil Nadu (192 days) and highest in the Jharkhand (270 days) while in case of buffalo lowest was in Rajasthan and Gujarat 180 days and highest in Bihar (300 days) and Karnataka (250 days).

Table-3.15 Average Lactation Period of Purchased Animal

State	Total No.	Cow	Buffalo
Haryana	60	247	239
Uttar Pradesh	60	204	220
Gujarat	80	200	180
Maharashtra	80	204	189
Rajasthan	40	210	180
Chhattisgarh	60	220	210
Bihar	40	193	300
Jharkhand	20	270	200
Andhra Pradesh	80	225	240
Karnataka	80	250	203
Kerala	80	265	0
Tamil Nadu	80	192	0
Manipur	4	270	0
Overall Av. Lactation Period		223.31	220.80

Source: NPC Field Survey, 2014

3.16 Adequate Availability of Feed and Fodder

The adequate feed and fodder availability is a vital condition for maintenance of animals and high yield of milk. Being dairy entrepreneurs the beneficiaries could arrange for good quality feed and fodder throughout the year which is required to maintain the cross breed and descript animal purchased under DEDS. Although, there is overall shortage of fodder in various States, only 20% of the entrepreneurs have reported such shortage especially during summer months. To some extent this shortage is met by cattle feed which is easily available throughout the country. However, they have to purchase dry fodder from outside the State.

Table-3.16: Adequate Availability of Feed & Fodder

State	Total No.	Feed	Dry Fodder	Green Fodder
Haryana	60	60	60	60
Uttar Pradesh	60	59	60	60
Gujarat	80	80	60	60
Maharashtra	80	80	80	66
Rajasthan	40	32	23	35
Chhattisgarh	60	55	27	7
Bihar	40	39	40	32
Jharkhand	20	20	4	6
Andhra Pradesh	80	80	80	80
Karnataka	80	60	42	49
Kerala	80	77	45	67
Tamil Nadu	80	78	78	78
Manipur	4(2)	2	2	2
Overall %		95.00	79.08	79.21

Source: NPC Field Survey, 2014

3.17 Milk Production by Dairy Entrepreneurs

The information on milk production was sought from the beneficiary entrepreneurs for pre-project and post-project period and has been summarized in the Table 3.17 As evident from the table; there has been a significant increase of around 123 percent in overall average milk production per household among the beneficiary entrepreneurs. The overall average cow milk production per household among the sample beneficiaries has increased from 10.6 Liters to 23.7 liters per day while for buffaloes the increase was from 5.7 to 10.8 liters per day after the project implementation. The increase is across all the states.

Table-3.17: Average Milk Production (Liters) per day per Entrepreneur

State	Total No. of sample	Pre-Project		Post-Project	
		Cow	Buffalo	Cow	Buffalo
Haryana	60	11.5	14.5	30.7	42.2
Uttar Pradesh	60	8.5	5.8	21.4	26.3
Gujarat	80	24.3	11.5	49.0	24.4
Maharashtra	80	14.0	11.1	48.3	29.2
Rajasthan	40	21.2	11.4	42.7	30.1
Chhattisgarh	60	4.1	1.7	14.5	2.8
Bihar	40	13.9	1.7	19.2	2.6
Jharkhand	20	6.3	0.9	26.8	1.2
Andhra Pradesh	80	12.3	5.3	13.2	5.9
Karnataka	80	8.3	11.2	13.1	16.4
Kerala	80	17.8	13.2	36.2	32.9
Tamil Nadu	80	1.1	0.0	10.0	4.1
Manipur	4	6.8	0.0	38.4	0.0
Average	764	11.55	6.79	27.96	16.78
Percent Increase post DEES				123.0	88.2

Source: NPC Field Survey, 2014

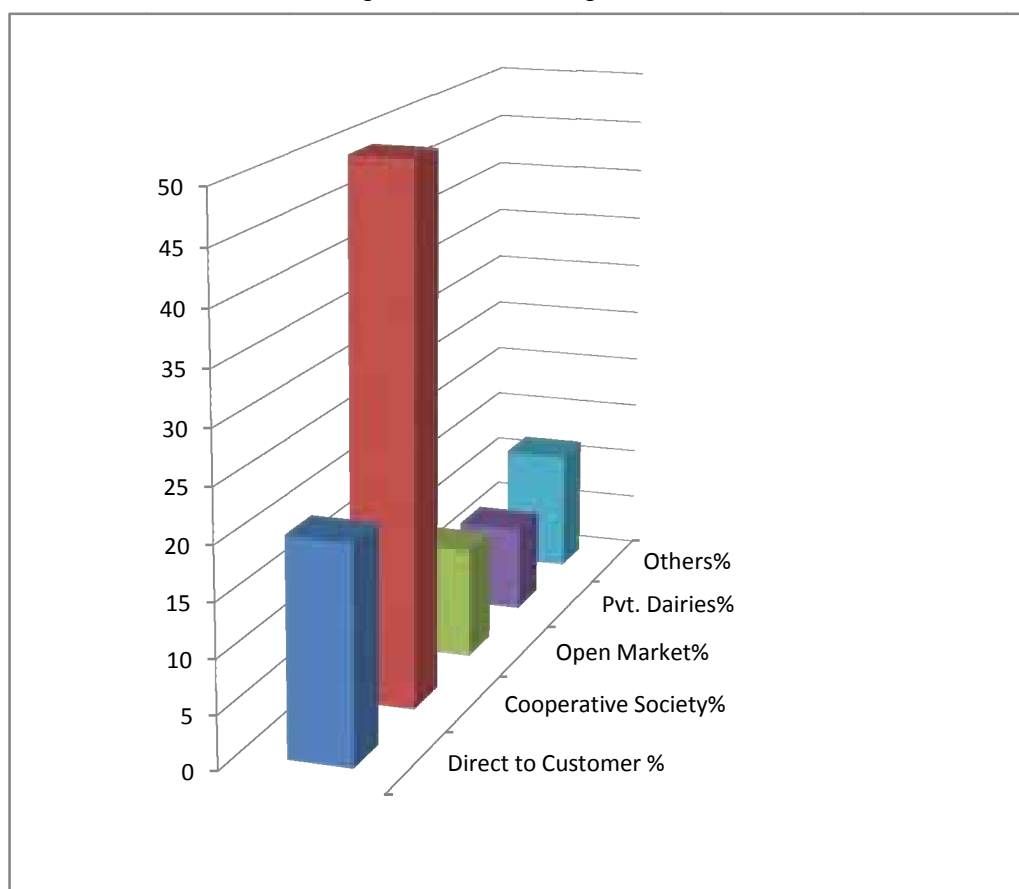
Very high increase of milk (both for cows & buffaloes) per entrepreneur was reported in the States of Haryana, Gujarat and Rajasthan which is a traditional milk belt in North. Dairy Farmers are now well versed with rearing cross-bred cows and good quality buffalo breeds. In fact , dairy-farmers are now shifting from high number of low-milk yielding animals to low number of high-milk yielding animals as it reduces the labor and saves the space required (land is becoming costlier everyday). On other hand dairy activities are yet to be take-off in a big way in the states of Chhattisgarh, Jharkhand, and North East Region as there is less availability of crossbred cows and dairy farmers are also not very conversant about rearing of high-milk yielding animals.

3.18 Marketing of Milk by Dairy Entrepreneurs

Usually Dairy entrepreneurs have various options for marketing the milk produced such as direct to customer, through co-operative society, to bulk consumers in open market, milk vendors and private dairies. Around 41 percent of the dairy entrepreneurs preferred to sell milk to the Dairy Co-

operative Society (Fig. 3.18A), while nearly 20 percent preferred to sell it directly to the customers. Remaining entrepreneurs have sold milk to milk vendors, private dairies and bulk consumers such as hotels, sweet shops etc. There is a general preference to sell milk to DCS due to various benefits such as assured off-take of milk even during flush season, transparency and accuracy in weighing and measurement of Fat, SNF, fair and uniform pricing, timely payment and other tertiary benefits such as subsidized feed, AI facilities, etc.

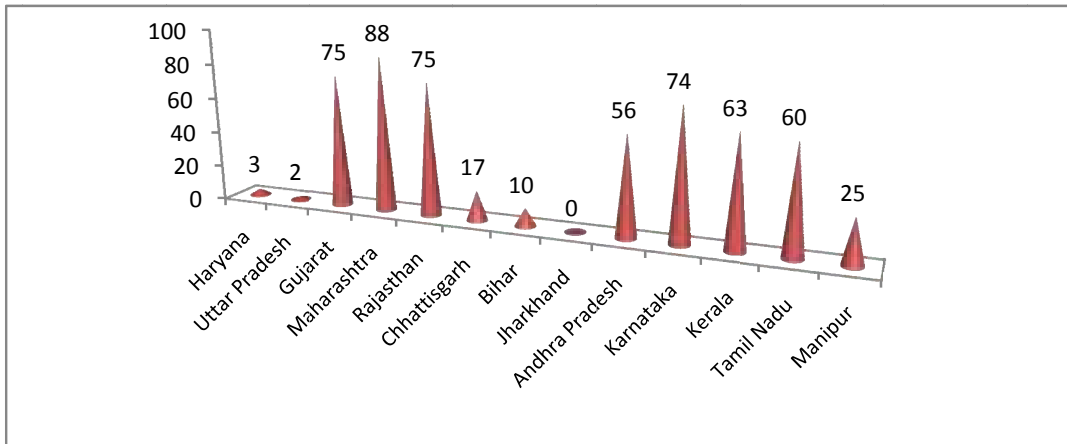
Figure 3.18A: Marketing of Milk



Source: NPC Field Survey, 2014

Majority of beneficiaries from the States namely Maharashtra, Gujarat, Rajasthan, Andhra Pradesh, Karnataka, Kerala and Tamil Nadu reported selling milk to Co-operative societies while in remaining states entrepreneurs sold directly to customer and private dairies. It also reflects upon the trust that has built upon by the cooperatives because of transparent mechanism of working with maximum participation of entrepreneurs.

Figure 3.18 B: State-wise Percentage of Entrepreneurs selling Milk to Cooperative Societies

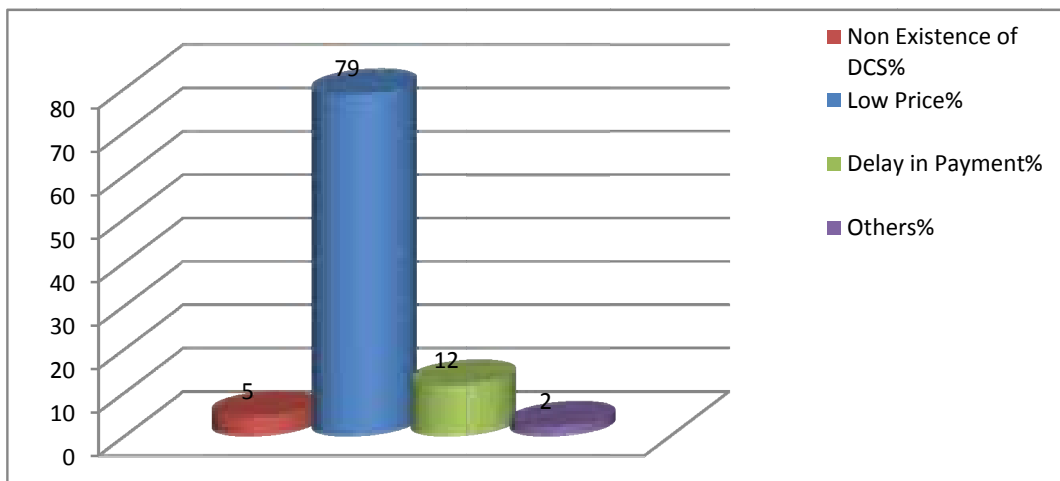


Source: NPC Field Survey, 2014

3.19 Problems in Marketing of Milk

The study team elicited various problems faced by entrepreneurs in marketing of milk and these have been illustrated in Figure 3.19. Though milk marketing is not a problematic area as there are several consumers who are willing to pay for quality milk, however, most of entrepreneurs have reported low price as the most problematic area, followed by delay in payment and non existence of DCS as evident from figure. In some areas, entrepreneurs divert their milk to open market and private dairies or vendors or to the neighbors either because of Non existence of DCS or higher prices offered by others. However, there is little consistency in prices offered by private channels.

Figure 3.19: Problems in Marketing of milk



Source: NPC Field Survey, 2014

3.20 Insurance of Milch Animals and Claims

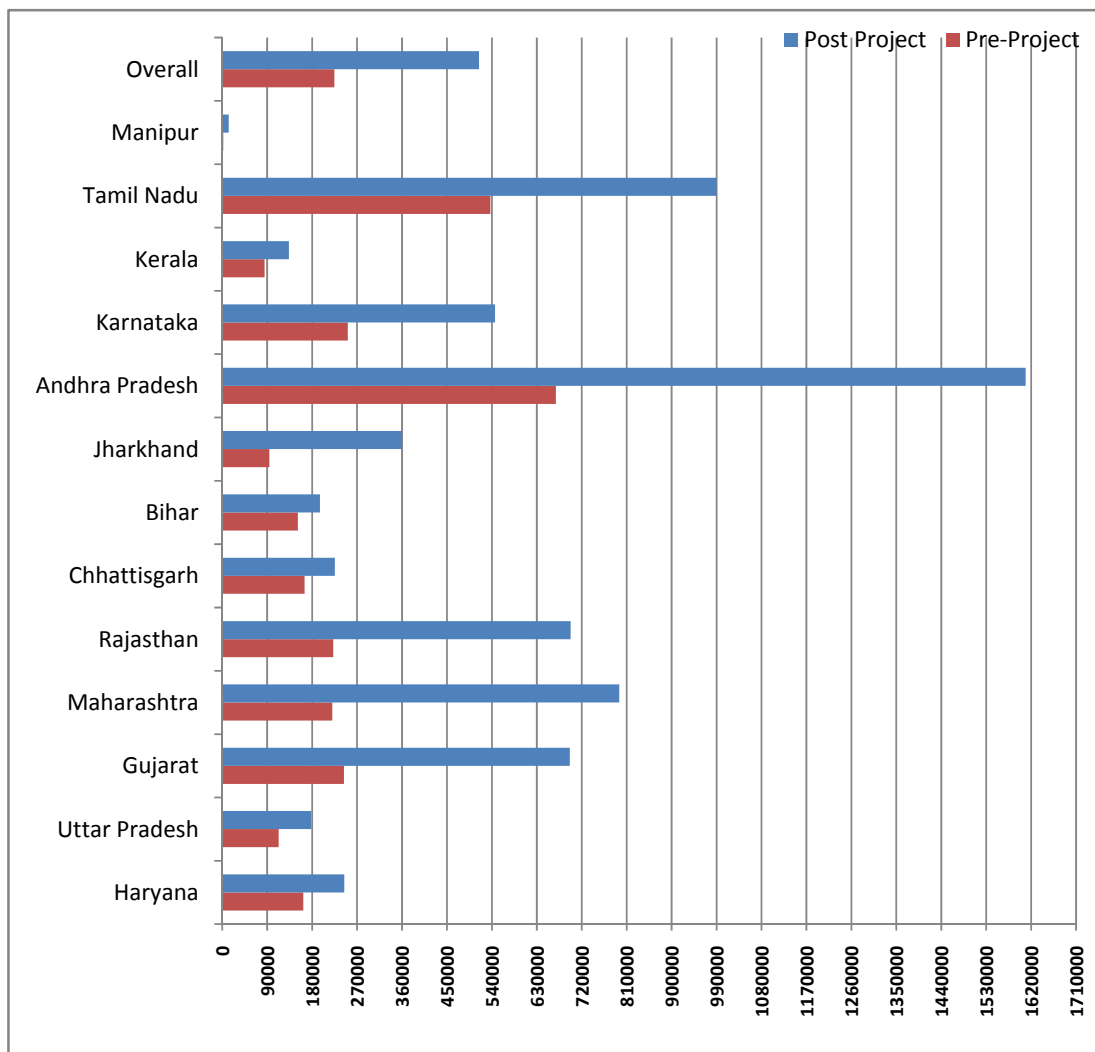
The insurance of milch animals is a mandatory part of Dairy Entrepreneurship Development Scheme guidelines which is usually included in the project cost. Nearly all prospective entrepreneurs were aware about the insurance of the milch animals being purchased in the scheme. The overall average premium amount of the insurance was about Rs. 1900/- per milch animal which varies from Rs 1032 to Rs 3500 per animal depending on the cost of animal. The insurance of the animal was usually done for 1 year, however in some states insurance companies have started insurance for 3 years also. Normally insurance is suggested for entire duration of loan or at least initial 3 years however, renewal of insurance was not a widespread practice as the entrepreneurs perceive it as additional burden. Only in case of Andhra Pradesh and Gujarat there were high incidences of insurance renewal. Interestingly in Kerala where the cost of insurance was reported to be lowest the incidences of insurance renewal were also low.

Most of the insurance policies were issued by the four national Insurance companies like United India Insurance Co. Ltd., Oriental Insurance Co. Ltd, New India Assurance Co. Ltd. and National Insurance Co. Ltd. with little ingress by private insurers like Universal Sompo General Insurance co. Ltd. and IFFCO Tokyo. One of the major deterrent for insurance and its renewal is delay in settlement / non-settlement of insurance claims. Majority of beneficiaries complained about cumbersome process for settlement of claims. Insurance Companies are reluctant to offer cattle insurance as it is a low paying proposition to them and involves other hassles like getting certification from Veterinary Doctor both at the time of purchase and settlement of insurance claim. But it was complained of by bank officers as well as beneficiaries that the company is not much interested in cattle insurance due to incidents taken place when the cattle die and insurance company are not interested to visit and claims are not easily settled. Around overall 60% of the insurance were reported to be renewed in the survey states. In the State of Uttar Pradesh though the percentage of claim is highest (18%), the renewal of insurance is reported to be lowest (10%).

3.21 Annual Income of Dairy Entrepreneur from Milk

The procurement price varies from State to State wherein the rates are decided by State Govt. or Milk federations. The two axis pricing policy on the basis of fat contents and SNF has been adopted for fixation of procurement prices of milk. However many private units are still paying price based on fat percentage alone. This has led to lower net returns to dairy entrepreneurs as most of the animals purchased under DEEDS across the country are cross breed cows giving low fat milk. However, the total return from cross breed cow is higher because of high yield of milk.

Figure 3.21: Change in Annual Income of Dairy Entrepreneurs



Source: NPC Field Survey, 2014

The overall average annual gross income from sale of milk has increased from Rs. 2.24 Lakhs in pre-project period to Rs. 5.14 lakhs in post dairy project per dairy entrepreneurs. Although dairying is becoming more commercialized in some areas, it predominantly remains subsistence farming constituting a complementary/supplementary enterprise to crop farming, with regular sales of surplus production. During the field level study it has been reported that there has been increase in net annual income from dairying for the respondent entrepreneurs for both cows and buffaloes' milk.

Impact of DEES

Chapter 4

Chapter 4

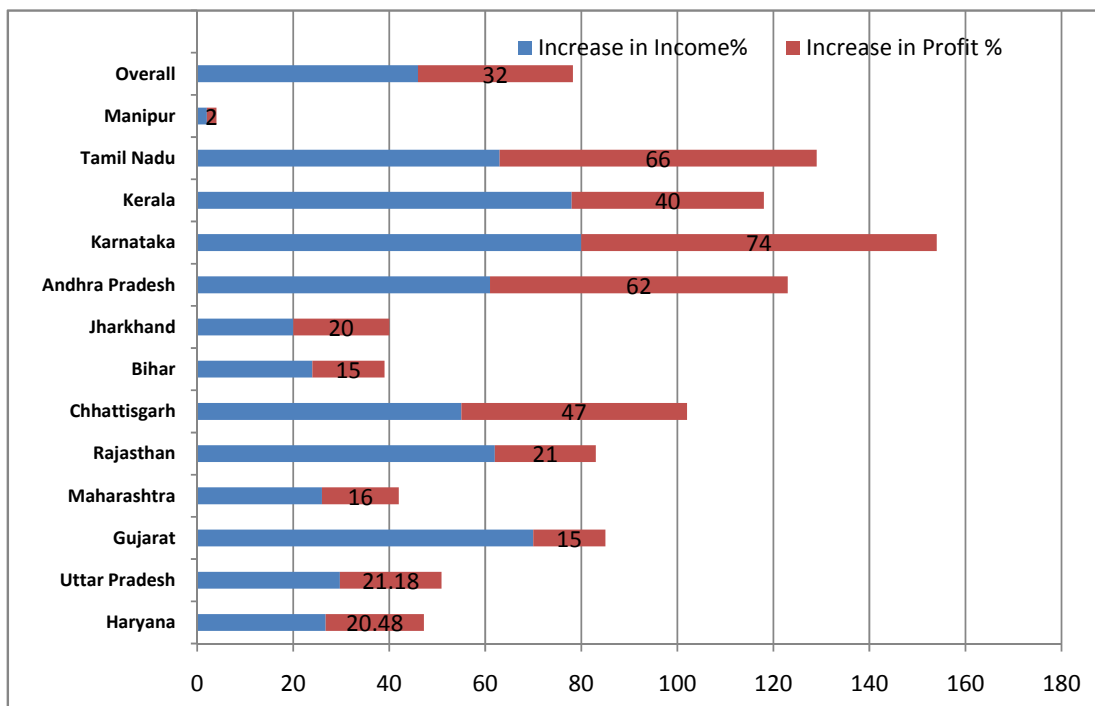
4.0 Impact of Scheme

DEDS is being implemented for last 3 years and almost 1.86 lakh mini dairy units has been setup besides a few other enterprises (based on other components). As the scheme is gaining popularity and there were several issues relating to release of subsidy and other procedures, it was thought fit to measure the impact of the scheme at ground level and receive feedback from various dairy entrepreneurs covered under the scheme. The study team had tried to quantify the impact wherever possible and the same has been discussed in the following paragraphs.

4.1 Income Generation & Net Income

An obvious outcome of establishing dairy enterprise was enhancing the income of such entrepreneurs which can supplement their total income. The dairy entrepreneurs were asked to indicate change in their total income and net income in percentage and the same has been illustrated in the Figure-4.1.

Fig 4.1: Increase in Total Income and Net Income



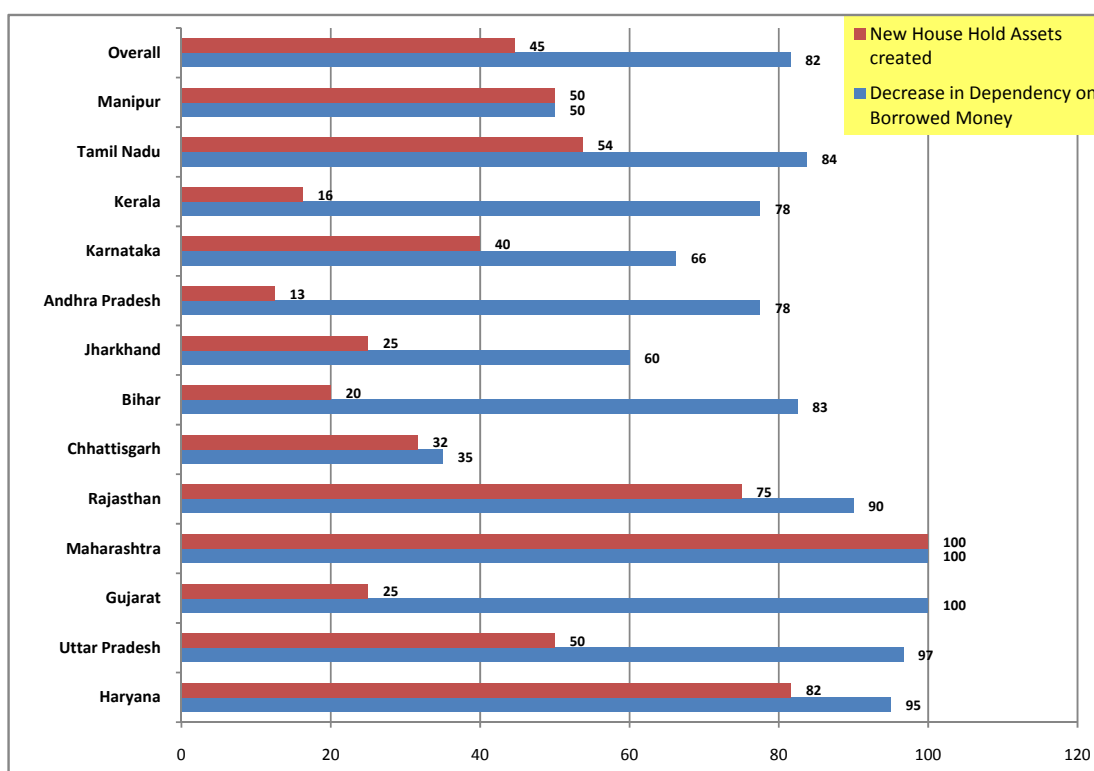
Source: NPC Field Survey, 2014

There was overall increase of 45% in total income and 32% in net income. Dairy Entrepreneurs from the states of Karnataka, Andhra Pradesh and Tamil Nadu reported more than 50% increase in their total income and net income while Gujarat, Rajasthan and Kerala had shown high increase in total income but comparative less increase in net income. Those entrepreneurs who have taken the dairying seriously, have reaped good benefits and their economic status has improved, however, there are some cases where entrepreneurs have sold off the cattle purchased (sometimes in distress) and have remained economically weak.

4.2 Impact in terms of Household Asset Creation

With the implementation of DEDS, there is a significant increase in the livestock assets owned by dairy entrepreneurs. As stated earlier, the average number of animals owned has increased from 2 to 5, it is important to know that this increase of livestock assets (milch animals) is in good quality descript breed with high yield of milk. Besides these livestock assets, the assets created under other components are very limited and could not be ascertained in quantitative terms.

Figure 4.2: Impact on Household Asset Creation & Dependence on Borrowed Money



Source: NPC Field Survey, 2014

With the increase in total income and net income of the dairy entrepreneur, the study team elicited whether there is any impact on their HH in term of creation of new assets such as house, cattleshed, fodder storage, etc. and dependency on borrowed money. The responses has been compiled and presented in illustration Figure 4.2. It can be seen from the figure that 45% of the dairy entrepreneurs had created new assets in their household while 82% reported to have less dependence on borrowed money now. More than 90% of Dairy Entrepreneurs from the states of Maharashtra, Gujarat and Uttar Pradesh reported decreased dependency on borrowed money while more than 70% beneficiaries from Maharashtra, Haryana & Rajasthan reported to have acquired new household assets.

4.3 Impact in terms of Employment Generation

Information on additional employment generated was elicited from the beneficiaries that have been summarized in Table No. 4.1. As evident from the table, the respondent beneficiaries reported that after the introduction of the DEDS project, the number of persons involved in their enterprise has doubled and the average working hours per day per person has also increased from 4 to 6 hours per day.

Table-4.1: Overall Beneficiaries Perception on Employment

No. of Person involved		Average Hour Spent	
Pre-Scheme	Post-Scheme	Pre-Scheme	Post-Scheme
1	2	4	6

Source: NPC Field Survey, 2014

It was envisaged that DEDS scheme would also generate substantial direct as well as indirect employment opportunities. Based on the sample beneficiary data, it can be interpolated that all the entrepreneurs i.e. 1.86 lakhs who had set up mini dairy units have created employment for 2 people per unit including him which is 3.72 lakhs persons engaged in Dairy activity post scheme. Hence the direct additional employment generated due to implementation of DEDS scheme till now is for 1.86 lakhs persons. As an entrepreneur setting up dairy unit, all the DEDS beneficiaries have got direct employment in the venture. It was also

observed that the additional employment has been created mainly for women as they are more well versed with animal husbandry activities. Further, it can be safely said that most of the units set up with larger number of animals have engaged additional hired labor for smooth running of their dairy units. The animal husbandry also creates indirect employment in terms of increased workload of various stakeholders such as veterinary service providers, milk vendors, insurance service providers, feed & fodder providers, transporters etc. Such indirect employment can be estimated to be around 10% of direct employment. Hence it can be said that due to DEDS implementation, more than 2.0 lakh persons have got additional employment.

4.4 Beneficiary Satisfaction

The beneficiaries were enquired about their perception on DEDS delivery mechanism and the responses have been compiled in the Table 4.2. Almost 67% of entrepreneurs pointed out that interest rate charged under this scheme is very high while around 50% have indicated that the loan amount was inadequate as they wanted to purchase best quality animals which were costlier than the provision made in the scheme. Nearly 85% have indicated that the process of loan sanctioning is easy while only 15% said it was a cumbersome process. As the process of loan sanctioning is same in all the participating banks, the treatment given to the prospective dairy entrepreneurs could vary and hence some entrepreneurs would have found as cumbersome. Around 30% had indicated that the bank officials are not very helpful and do not encourage prospective entrepreneurs. Though there is no provision of taking collateral security, nearly 20% entrepreneurs have mentioned that banks are insisting on collateral security.

Table-4.2: Beneficiary perception on Implementation of the Scheme

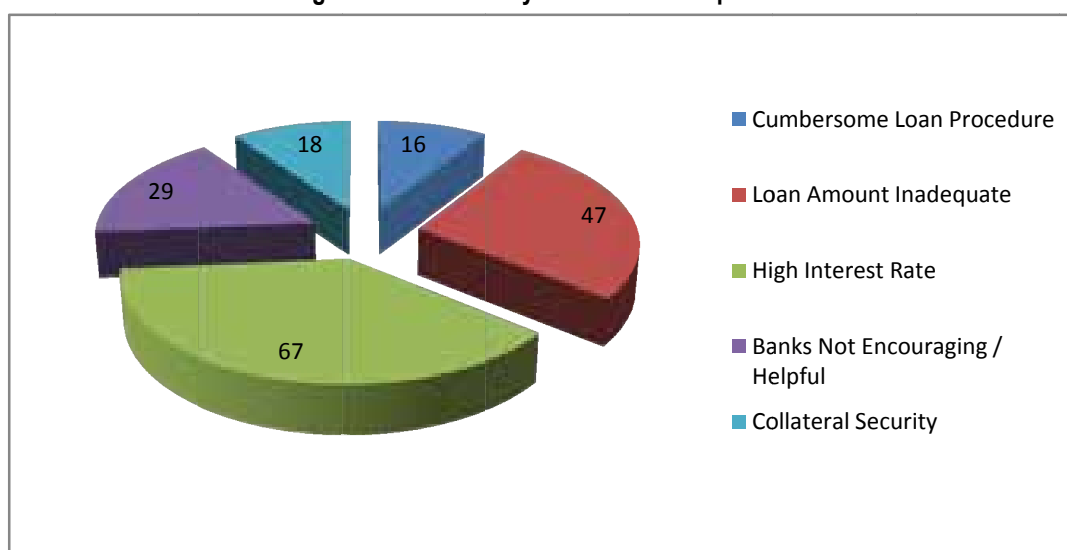
Cumbersome Loan Procedure	Loan Amount Inadequate	High Interest Rate	Banks Not Encouraging / Helpful	Collateral Security
16	47	67	29	18

Source: NPC Field Survey, 2014

In general, bankers are helpful in even in making the proposals for Small Dairy Units. However it was observed that for units with more than 4 animals, bankers

require a project report with details of milk selling arrangements, cash flow and other assets to be created over the period of loan. Such cases of Beneficiaries including beneficiaries of other components are getting the proposal made by local project consultants for a nominal fee. The procedure & paper work is not reported as cumbersome (as per beneficiary perception). This can be further simplified and the paperwork can be completed by bank officials/agricultural loan officer. Readymade proposals could be made available by bankers that can be suitably modified as per need.

Figure 4.3: Beneficiary Satisfaction Response



Source: NPC Field Survey, 2014

The application process and process of inspection is simple & user-friendly but most of the entrepreneurs informed that they do not get any clue of the status of their application. This can be digitized to have a proper tracking.

4.5 Adequacy of Unit Cost

The beneficiary entrepreneurs informed the study team during the field visits that the cost of Milch Animal has been increasing every year because of inflation as well as high demand of quality breed animals. It was observed that in various States a thumb rule is that animal would be costing around Rs. 6,000/- to Rs. 7,000/- per liter of Milk given per day meaning thereby an animal giving 10 Litres milk per day would cost at least Rs.60,000/-. This also varies from State to State as the availability & demand for animals varies. The cost of buffalo is higher than even the crossbred cow. Further the cost of animal is high in North Eastern and

Hilly regions where the cost of transportation per animal is also added. It was also observed that some of the beneficiaries (those who availed benefit 2 years back) had sold the animals making a clear profit of Rs. 20,000/- per animal in cases of emergencies.

The matter was also being discussed with NABARD and various implementing banks from time to time during their meetings in the past and they had also suggested increasing the cost norms for various components by at least 10%. The DAHD&F had already considered this revision while conveying the administrative approval for 2014-15. The revised unit cost and pattern of assistance of various components are given in the Table 2.1.

The most popular component under the scheme is “Establishment of Small Dairy Units”. More than 98% beneficiaries of DEEDS have availed benefit under this component only. It was envisaged in the scheme that there will be a high spread of such small dairy units that will contribute consistently to the total production of milk in the country. Further, this will provide gainful employment to the rural entrepreneurs and generate adequate supplementary cash income to mitigate the risk of rainfed agriculture.

The other components were built as backward and forward linkage to support the small dairy entrepreneurs. The number proposals under all other components are very limited due to location specific project, require different entrepreneurial ability as well as mobilizing larger financial resources on their own. It is also observed that awareness about these components at lower level is almost missing. Even in some cases, officials of various implementing banks are not fully aware about existence of such components in the scheme. The cost norms of these components have also been revised upwardly as per the recommendation of the empowered committee based on inputs from NABARD.

With this revision of cost norms of various components, the study team considers that the present norms are adequate. It would be advisable to review these cost norms at least once in two years to counter the effect of inflation. In view of increasing popularity of this scheme across the country and some States giving additional subsidy over and above the Central Subsidy, the empowered committee may also consider downward revision of Central Subsidy from 25 to

20% retaining the overall outlay. This will help in increasing the coverage progressively without additional financial burden. Further, the study team has received no further suggestion to include any new components in the scheme at present.

4.6 Role of NABARD

NABARD was chosen as the apex agency for implementation of DEDS. Though the reasons behind involving NABARD for administering subsidy are not well known exactly, the mandate, stature, Pan India presence up to district level and past experience coupled with single point monitoring might have been the reasons for choosing NABARD though it could have been very well feasible to put the subsidy amount at the disposal of the concerned banks themselves. The Government of India released the funds to NABARD as advance payment to meet the demand and be recouped after keeping the safety levels which would be utilized for providing backend subsidy by transferring the same to lead banks as per their demand after the approval of project. NABARD was to submit quarterly report to DAHD&F on the implementation of the scheme and recovery of loans. NABARD was a partner institution for the scheme and also monitor regularly on sample basis so that remedial actions can be discussed in Joint Monitoring Committee for further action. Besides this, NABARD was to arrange for adequate publicity through out the country.

There appears to be a perceptual difference about the role of NABARD in DEDS implementation. During interaction with the NABARD functionaries, the evaluation team members have got an impression that it perceives itself as only a subsidy channelizing agency and its role ends with the disbursement of subsidy. Though not stated explicitly, the scheme look forward to a much wider and bigger role from NABARD in the context of its mandate, capabilities, spread and reach.

In this scenario project monitoring become a major victim forcing bankers to be cautious if not reluctant to extend loans liberally with specter of NPA looming large over them. More importantly no effective mechanism is in place to keep track of NPAs under DEDS which are expected to be significant in number either from NABARD or from MOA side to ensure prompt refund of unutilized subsidy.

While there cannot be two opinions about the stellar role played by the NABARD in efficient administration of subsidy channeling its participation in publicity, monitoring, technical guidance and follow up and impact assessment needs a vast improvement. If subsidy distribution alone is the objective it could have been done either by placing the funds directly with the concerned banks or making one of them as a channelizing one. Further NABARD needs to address the issue of backward movement of subsidy in the form of refunds to the source arising out of NPAs/sticky advances which are expected to be considerable among the commercial banks.

NABARD seems to be reluctant to scale up the publicity with its own resources in the absence of separate allocation from the ministry. Though few Regional Offices had come out with brochures/pamphlets in a limited number not many stakeholders such as bankers and beneficiaries are aware of them Subsidy has propelled the popularity of DEEDS and perhaps this explains its complete utilization though towards a single component of milch animals purchase despite low profile publicity in all the states.

4.7 Role of Implementing Banks

NABARD has been implementing the scheme through various banks which include nationalized banks, cooperative banks, rural banks and private banks. Basically these banks receive instructions and guidelines from NABARD about the scheme and they are the ones who are implementers and are in direct contact with beneficiaries. They mobilize the prospective beneficiaries and also face the brunt of it in case subsidy is delayed. It is their money which is at stake and that's why they want to take all precaution before advancing the loan. Wherever the recovery is less, banks become reluctant to advance loans. Further there is one more link in between which is regional office of the concerned bank in the state. It was also observed that NABARD has released the subsidy which remained lying at regional office of the concerned bank.

4.8 Role of State Animal Husbandry Department

In most of the states, the department was not given any specific role in implementation of this scheme. The officials of the department were involved in the meetings at state and district level and several veterinary officials were

involved in certification of health of animals. In some states, they help in getting the good quality animals to various interested buyers.

4.9 Monitoring & Follow Up

Monitoring & follow up is another weak link in the DEDS implementation chain found during the evaluation as no formal coordination mechanism involving banks, NABARD and the Ministry has been found in place. It is construed that it is ultimately the responsibility of the bankers who had extended the credit to monitor the project in their own interest. Bankers have a feeling that the initiative, interest and support shown during disbursement is absent from NABARD and other agencies during monitoring and recovery phases. While selection committees exist at NABARD regional office levels to scrutinize the subsidy claims no such mechanism exists to monitor branch wise performance and progress of sanctioned DEDS projects. Several banks have now modified their software and allotted a separate product-code for DEDS accounts so that they could be retrieved at a short notice and monitored effectively. Bank branches and NABARD ROs are networked extensively to meet their own requirements on standalone basis but not on joint basis. In some of the banks where most of the data collection, processing and transfer are done manually at three levels namely branch, controlling office and NABARD RO, results in duplication causing avoidable delays and preventing real time monitoring of progress. In fact some of the NABARD ROs have expressed serious concern about the lack of DEDS specific software and a need to develop the same at the earliest. Lack of provision for the same in the scheme has been cited as the reason for not initiating any efforts in this direction. In order to ensure effective real time monitoring of DEDS it is essential to leverage the power of IT either by providing exclusive allocation so that NABARD could initiate measures on its own or by involving NIC personnel based at the Ministry of Agriculture. Further the evaluation has not come across any systematic and periodic efforts either by the bankers or the NABARD to keep track of the DEDS progress and its impact on the local dairy scenario after disbursement of loan except for few occasional feed backs from few District Development Managers (DDMs). In this context it is worthwhile to consider either engaging or designating an agency to keep continuous track of progress of DEDS and provide feedback to the Ministry or

redefine the role of NABARD which seems to have under the impression that it is only a subsidy channelizing agency that too in one direction and other activities are beyond its ambit.

4.10 Convergence & Coordination

Convergence and coordination appears to be mainly restricted to the Block Level Coordination Committee (BLCC) and District Level Coordination Committee Meetings (DLCC) which are held on bimonthly/quarterly basis and represented by all the departments. While bankers are aware of the centrally sponsored development schemes as they get circulars on regular basis from their central offices same cannot be said about the state sponsored schemes. Participation of local Animal Husbandry Departments in DEDS popularization seems to be on a lower key if the feedback from the evaluation is any indication. In some states a few private dairies have taken advantage of DEDS and sponsored their suppliers to the banks for availing loans under DEDS. There appears to be a better communication between Primary Milk Cooperative Societies (PMCS) and the local banks especially the grameen and cooperatives w.r.t DEDS. Further not even a single federation/ society had been found availing loans under DEDS for the components other than purchase of milch animals. In fact nearly the entire subsidy utilization has been skewed towards one component namely purchase of milch animals leaving others far behind which is undesirable as the DEDS objective is the holistic development of entrepreneurs by focusing on a variety of dairy activities.

4.11 Role of the Scheme in Increasing Investment in Dairy Sector

The scheme especially the Mini dairy component is very popular among the entrepreneurs. It can also be seen that with the introduction of the clause that only descript animals can be financed, the demand for crossbred animals have increased in the country.

After gaining number one position in the milk production in the world for last four years, there is a renewed interest in the dairy activities in the country. It is a well known fact that dairying business has several advantages over other enterprises as it offers good supplementary cash income from day one.

Further Milk price have gone up constantly in past few years which has induced new investment in this sector. Today dairy processing industry is attracting huge investments. Entrepreneurs are now making investments to the tune of around Rs. 100 crores for a dairy processing plant of 2-3 LPD capacity equipped with modern dairy processing technologies. Today many plants have adopted PLC operated system requiring very little human interventions.

With the introduction of DEDS, as reported by NABARD almost 1.86 lakhs mini dairy units have been established and a cumulative subsidy of Rs. 677.6 Crores has been distributed till April 2014. This implies a direct investment of more than Rs.2600 Crores in dairy sector during past 3 years of operation of the scheme in the Country. In order to handle the additional milk produced by these new dairy entrepreneurs, the scheme had also induced additional milk processing capacity in the country with large investments. However, it is very difficult to attribute such investment as a direct result of this scheme alone.

Conclusion & Recommendations

Chapter 5

5.0 Conclusion & Recommendations

DEDS by all means is one of the well intended, well conceived and well structured schemes put into action taking all possible precautions to ensure proper utilization of subsidy based financial assistance from the banks. Features such as back-end subsidy and restrictions on pre-closure of loan accounts are perhaps well thought of firewalls put in place drawing from the past experience of subsidy based dairy development schemes. Though it has caused some discomfort among beneficiaries who were hitherto accustomed to advance payment of subsidy, resulting in the abandoning of project soon after its receipt thus negating the very purpose of the scheme(s). It is also laudable that the DEEDS instead of focusing on milk production alone has adopted a holistic approach encompassing a wide spectrum of components covering production, processing, animal health care, quality control and marketing thus paving the way for stimulating dairy entrepreneurship activities and culture in the target areas. The stipulation of refunding the subsidy in the event of an account turning NPA or sticky is a welcome if not path breaking move which put beneficiaries under radar constantly forcing them not to take the assistance for granted. Based on the data analysis, observations by the study team, discussions with officials & concerned people at various levels including all stake holders of DEEDS, the study team is making following suggestions for improvement.

5.1 Guidelines on Disbursement of Loans

The participating banks have been advised that financing should be done at least in two installments as far as possible. However this guideline is not being followed by many branches leading to more number of defaulters and untraceable beneficiaries. Banks must advance loan in two installments only especially when loans of beyond Rs. one lakh is being given. The procedure adopted by few banks is that loans beyond Rs. 5 lakhs are given in three installments. First installment is released as soon as the loan is approved and

money is released for the construction of cattle shed. The second installment of money is released for the first batch (one or two units of 2 animals each) of cattle. The third installment is released after three or six months of second installment of cattle purchase. This is a good system as it insures that before the cattle unit arrives, the cattle-shed is ready and dairy entrepreneur is prepared with tie up of milk marketing. By the time first set of animals are in, he starts earning and smoothens up teething problems if any. The second set of animals give a boost up to his income and also ensure that during the dry period of the cattle, there is regular money flow for payment of installment. This also insures banker's money as well as bankers are in regular touch to monitor the progress before release of full amount.

5.2 Regular Reporting of Status of Repayment

Although monitoring is part of loan advancements, in cases where repayment has become very irregular or is not being done for continuous three months, the respective bank should initiate action through the respective gram panchayats or dairy cooperatives. All bank branches within the district must regularly report NPAs as per RBI guidelines under various government schemes during DLBC meeting and the same should also be discussed in SLBC meeting depending upon the gravity of situation so that timely action can be initiated.

5.3 Preference to Institutional Lending

In order to ensure that the benefit of the scheme reaches to actual interested entrepreneurs, a Preferential Tripartite Agreement System can be worked out between the Participating Bank, Dairy Cooperative Society (DCS) and Dairy Entrepreneurs. In such an agreement bankers would advance loans to a member of DCS who would be pouring milk to the society (at least for the period till his loan is over) and DCS would make split payments to bankers and the beneficiary farmer. It would in the interest of all stakeholders that the preference must be given to loans that are routed through the cooperative society. This will ensure disciplined financing and regular recovery. Defaulter cases are very less in case loan is routed through cooperatives as in case of Maharashtra, Gujarat and Bihar. Wherever direct loans had been given, more than 40% are irregular in repayment and even a few cases are not traceable

(cases of NE and UP). The large dairy units as well as District Milk Unions can also help in selection of appropriate beneficiary by having a tie-up for milk procurement and assuring the loan repayment in time.

5.4 Fast Tracking of Defaulters

The study team did not find any significant number of untraceable cases or cases where the assets had not been created against the loan or subsidy availed by the entrepreneurs. Among the 764 sample dairy entrepreneurs only 4 cases were reported untraceable (UP-1, Bihar-1, Manipur-2). Such cases occurred due to negligence of then bank officials sanctioning the loan without adhering to NABARD guidelines. Most of these cases have been advanced loan of 5-10 animal units in one installment and without adequate follow up. The situation aggravated with the frequent transfer of bank officials and the new incumbent not owning up responsibility for any lapses. Bank should be advised to report any such cases immediately. Such default case should also be displayed in the bank branches and website so that there is peer/social pressure on the defaulters as well as banks. Further bank should give preference to loans through cooperative/FPOs/SHGs or any other such institutions that can stand guarantee for the loanee.

5.5 Inclusion of Marginalized Category

NABARD should make separate bank-wise allocation for subsidy including SC/ST portion. The application from SC/ST should be accepted till the allocation is exhausted. Further, to increase the participation of BPL beneficiaries, it is suggested that subsidy component of 25% is reduced to 20% for APL beneficiaries as well as dairy entrepreneurs availing loan for more than 6 animals. Separate data needs to be maintained for beneficiaries with disabilities and they may be given subsidy at par with BPL category. BPL families all over the country have been identified and they have been issued proper ID cards. To identify, BPL & APL family separately, a column may be added in the application form indicating such status of the applicant so that separate data can be maintained as per the need.

5.6 Reporting beneficiaries of Persons With Disability

DAHD&F had also advised to ensure utilization of 3% of the funds released during 2013-14 for the persons with disabilities as per provision of Persons with Disability Act 1995. Although such exclusive data were not made available by NABARD, during the field survey; no such case was found among the sample entrepreneurs. NABARD has to be instructed to maintain such data exclusively for compliance of the Act. Further studies to analyze socio-economic impact on beneficiaries can be initiated afterwards.

5.7 Subsidy Release

DAHD&F as well as NABARD need to ensure that subsidy is released as soon as possible to the eligible entrepreneurs. In the past subsidy has been credited generally after six months though there are cases where subsidy has been credited after more than two years. The entrepreneurs lose confidence in bank and Government (both in the scheme & its implementation agencies) whenever such unusual delay occurs. Hence, NABARD need to take special care in release of subsidy within reasonable time (say 60 days). The entrepreneurs blame the bankers that they have not released the subsidy due to them. In some cases banks do not inform beneficiaries about the receipt of subsidy fearing that the loanee may discontinue further repayment. There has to be some mechanism to inform the loanee whether the subsidy has been received on his account or not. It would also save the bankers sharing unnecessary blame.

5.8 Differential Cost Norms for Cow & Buffalo

Although cost norms have been revised during May 2014, it is required to distinguish the Cost norm differential between cow (CB) and buffalo. Usually a Buffalo would be costing 20 percent higher than the cow and the returns from milk of buffalo are also higher due to high fat content. Entrepreneurs in the northern plain prefer buffalo over the cow. Hence during the next revision of norms, the Empowered committee may consider this aspect also. In the guideline, an enabling provision may be made to take care of annual increase in cost of components (cattle/ BMC/ milking machine etc) due to increasing prices of raw material.

5.9 Introduction of New Components

At present, no new components are required as there is hardly any off-take of the existing components other than Small Dairy Units. However there is a strong need to popularize these components as these other components serve as strong backward and forward linkages to Dairy enterprises. There is a very acute shortage of quality breeds of animals which can be fulfilled by the heifer unit. Further the veterinary service at the doorstep of dairy entrepreneur is also becoming need of the hour. The fresh veterinary graduates need to be motivated for such units. There should be awareness programmes by State Govt. Dept./ NABARD in collaboration with State Veterinary Colleges to encourage them to become dairy entrepreneurs.

5.10 Insurance Coverage

While insurance is essential to protect the interests of both the borrower and the banker, several beneficiaries have expressed reservations about buying and renewing their cattle insurance policies. There was a general perception that cost of insurance is high. Normally such cost is around 3 to 4 percent. (The insurance companies claim that the insurance policy purchased under DEDS carries concessional premium). The insurance is to be renewed every year. Many entrepreneurs are not aware that insurance is required for the entire period till the loan is repaid. This is essential for coverage of risk. It would be better to explore the possibility to take a longer policy for 3-5 years and spread the cost of insurance over the duration of loan. The insurance companies need to launch awareness campaigns for prospective cattle insurance buyers to clear out basic apprehensions. In several states cattle insurance is subsidized where only 50 percent premium is paid by cattle owner (schemes such as "GOSURAKHSHA"). In some states schemes subsidy is less but full insurance cost is born by the government. In some cases even the cattle owner is also insured for a nominal extra premium while in some cases insurance premium is subsidized by milk cooperative society. Refusal of insurance companies to cover Foot & Mouth Disease (FMD) in some of the Southern States has also created discontent among the entrepreneurs which needed to be addressed. DEDS might very well consider extending insurance as an extra benefit by meeting full or a portion of the premium.

5.11 Rate of Interest Charged by banks

Rate of interest varies from bank to bank such as commercial, cooperative, private and rural banks over the country usually 10.25 to 14.31 percent. The animal husbandry activities are not considered as primary agriculture lending which is offered at a concessional rate of 7 percent on which further interest subvention is made available from Government of India from time to time. (KCC/Crop Loans up to Rs.3.00 lakhs attract interest of only 7.00 %p.a. This is subject to interest subvention available from Govt. of India from time to time. Further, subvention of 3.00%p.a.is available to the farmers who repay their dues in time i.e. the effective rate of interest on Crop Loan/KCC up to Rs.3.00 lakh for prompt paying farmers is 4.00%p.a)

5.12 Requirement of Collateral

The requirement of collateral towards loan, two guarantors, security deposit is not explicitly mentioned in any of the guidelines either by DAHD&F or NABARD, however in some of the States or even by some of the banks such requirements are to be fulfilled by the prospective dairy entrepreneurs. This is being done by banks for security of their advance or even sometimes to avoid giving such loans. In few of the cases, it was observed that banks were reluctant to give loans to smaller units. On the other hand, the new guidelines issued by DAHD&F have even relaxed the requirement of margin money for loans up to 1.0 lakh as per RBI guidelines. NABARD should issue some explicit guidelines to the various participating banks to all the States on these issues. Further, those entrepreneurs who hold Kisan Credit Card can be given preference in advancing DEEDS benefit.

5.13 Efforts towards Wider Geographic Coverage

There are large variations in the scheme being implemented in various districts within a state. In certain districts there is large number of beneficiaries whereas in some districts there are hardly any entrepreneurs. While achievement of targets is commendable, efforts are needed to have the equitable distribution of such beneficiaries. It is suggested that concerted efforts need to be made by participating banks in those districts where such benefits have not reached so far. Regional offices of NABARD should give priority to dairy entrepreneurs of such

districts. State-specific media strategies may be worked out by NABARD Regional Offices.

5.14 Real Time Online Tracking System

Use of ICT interventions and modern communication technology via mobile should be introduced in a big way to become more customer-friendly. Registration of mobile number of all beneficiaries should be made mandatory for receiving any information relating to his loan account. Further, there should be centralized information provision through SMS to all beneficiaries from NABARD RO as soon as subsidy is approved / released. Even insurance information such as due date or loan installment due date reminder etc or for that matter any activity in the loan account, can also be sent at a very nominal effort from bank. With the advent of CBS branches of most of the banks the information pertaining to loan and subsidy may be placed in a central depository for speedy processing and disposal of the applications. Loan repayment data needs to be regularly provided by NABARD. Further, the data needs to be uploaded in banks website detailing beneficiary name, loan sanctioned, mobile number etc and bank may be advised to maintain helpline/ grievance addressable number. In states where loan repayment is less, DAHD&F may get regular sample studies conducted.

5.15 Preventing Duplication with Similar State Schemes

In several states, there are parallel schemes of state government such as Kamdhenu Yojana, Cattle induction programme under Jharkhand Dairy Project, etc. In these schemes higher subsidy of 50 percent is available upto purchase of 5 milch animals and 40 percent up to 10 animals unit. There are instances where a person is beneficiary of both such schemes run by state government as well as central sector schemes. Although it is difficult to match the additional benefits available under the state specific schemes, it is suggested that due care has to be exercised by the participating banks to avoid cases availing dual benefits. In cases where higher state subsidy is available the application/ proposal for loan & subsidy should be considered under state government scheme first till exhaustion of those funds and thereafter under central sector scheme.

5.16 Capacity Building, Training & Exposure Opportunities

Though dairying is a natural extension of agriculture in rural areas, it is becoming specialized profession by itself. Several entrepreneurs complained that though they are rearing animals they still need some training on dairying. There are several instances of emergency when no immediate help is available. In some states like Punjab, Gujarat there are several Farmers Training Centers where such facilities are made available for 10 days basic courses on Dairying. KVKs and state universities should be motivated and roped in for such courses for farmers and young Dairy entrepreneurs. The concept of one *Barefoot veterinary female doctor* for every village (1000 animals) can be introduced who can be handy in providing emergency basic veterinary services. For selected/Interested entrepreneurs, the state dairy department should arrange for exposure visit of successful dairy enterprises to motivate people to take up dairy as business activity.

Further, the study revealed that more beneficiaries of higher educational background are being attracted to take up dairy entrepreneurship as they are more at ease with approaching banks & completing various formalities as required by them. It may be worthwhile to motivate prospective entrepreneurs with higher education background to take up various components of DEEDS other than mini dairy unit.

5.17 Publicity of Scheme.

The scheme had envisaged that NABARD would be arranging for adequate publicity to the scheme throughout the country. However, the study team found that there are no visible efforts for publicity of the scheme. NABARD along with State Government and Milk Union should arrange for wider publicity of the Dairy Entrepreneurship Development Scheme (DEEDS) at state, district, block & village level through organization of the workshop or through farmers clubs NGO as well as rural branches of financing bank. Publicity about the scheme through regular short programs in FM radio, Pamphlets in local language, Media Campaign, press releases in the local news papers, can also be tried. Field level awareness campaigns on regular basis along with State Dept. needs to be taken up aggressively specially in far flung areas.

There are already certain booklets available with Animal Husbandry Department both at Central & State Level (even in regional languages). Further, there are certain posters available with various dairy development boards on this subject. Such manuals may be reviewed and distributed to widely through State Animal Husbandry Departments.

Further, the milk cooperatives and milk unions along with State Dept. of Animal Husbandry & Dairying can be strong medium of spreading awareness in the specific regions.

5.18 Display of Signboards

The discussion with the implementing banks revealed that they do not insist such display of sign board as it is considered a minor issue. However, it is very important for the purpose of transparency and publicity of the scheme that such signboards must be displayed by the beneficiary.

5.19 Role of State Animal Husbandry Department

The Role of State government department is very limited in the implementation of DEDS. The department is represented in some of the meetings held at State and District level. Actually there was only a limited role envisaged under the scheme. However, it is suggested that the State Government Department should shoulder the responsibility of providing quality breed of animals in the state with the help of SAUs. In some states, cattle breeding farms are owned by the state government as well as State Agricultural Universities. SAU should become hub of the cattle breeding as farmers have full confidence on their quality parameters.

5.20 Downward revision of Animal Subsidy

In view of increasing popularity of this scheme across the country and some States giving additional subsidy over and above the Central Subsidy, the empower committee may also consider downward revision of Central Subsidy from 25 to 20% for units of more than 6 animals. As stated in 5.5 above, this can initially be introduced for APL category. This will help in increasing the coverage progressively without additional financial burden.

5.21 Separate Study for Developing Strategy for North-East States

Even after making exclusive allocation of funds for North-East, the progress achieved is far below expectations. The reasons are numerous and require a concentrated effort to assess, evaluate and interpret for making this scheme successful in this region. A separate exclusive study on developing strategy for strengthening the dairy sector in this region can be initiated by Ministry. This study would put special focus to encompass the aspirations and socio-cultural aspects of the region and thereby suggesting an alternate strategy for making the scheme successful in this part of the Country.

Concluding Remarks

The overall impact of the scheme has been positive towards inculcating an atmosphere of entrepreneurship in the mini dairy sector. A significant increase in the number of animals and milk production has been witnessed with the advent of many first time dairy entrepreneurs with two animals. This would contribute to achieving milk self-sufficiency in several states. It seems that there is already sufficient capacity in processing which has easily absorbed the additional production of milk by these new dairy entrepreneurs. There has been little impact on processing, marketing, quality control and animal health care as not many borrowers came forward to avail loans under these components and lack of adequate publicity about these components has further compounded this situation. There was a very positive impact on creation of new employment opportunities in the rural areas and also giving gainful employment to the rural women folk. This has brought about financial independence to women entrepreneurs. Several educated young entrepreneurs have been inducted. Some of the existing dairy entrepreneurs have also consolidated their positions by availing assistance under DEEDS by increasing the number of animals and expanding their activities. Many beneficiaries had reported less dependence on borrowings and improved family nutritional status than earlier. These dairy enterprises have brought about enhanced income and respect to the entrepreneurs. The scheme has also contributed to motivate the entrepreneurs to adopt quality breeds of the milch animals and creation of improved infrastructure for cattle rearing.

DEDS has impacted few big private dairies also as they could improve their milk procurement and supply position by sponsoring considerable number of dairy farmers to avail loans under DEDS through tripartite agreements and supply milk to them.

Road Ahead

Without an iota of doubt and hesitation the evaluation study team is of the opinion that the DEDS shall continue on a much wider scale and reach more number of beneficiaries turning them into prosperous entrepreneurs. As already stated it is one of the well conceived and well structured schemes of dairy sector and it has the potential to become a star performer if some of the loose ends highlighted by the evaluation are tied up and fine tuned at the earliest.

Success Stories

Annexure

Case of Maharashtra

Shri Kisan Vithoba Kalnar, is a illiterate farmer belonging to SC category from Village/Post-Chikalthan, Taluka-Rahuri, District-Ahmednagar, Maharashtra. His primary occupation is agriculture. He has about 1.69 ha agriculture land irrigated by open well. He is taking 2 to 3 crops in a year i.e. tomato, sugarcane and fodder. He is also a dairy farmer having 10 cross-bred cows to supplement his total income. He has to support a big family of nearly 14 persons comprising of 3 male, 4 female and seven children. He started dairy business with 2 cross-bred cows. Realizing the potential of dairying, he kept on adding cows and built up a herd of 10 crossbred cows. He is also the member of milk cooperative society in the village.

He had a saving bank account in Bank of Maharashtra at Rahuri, District-Ahmednagar and had good contacts with the bank manager and secretary of milk society who motivated him to avail loan under DEDS to further enhance dairy business. He applied for a further loan of Rs.5.00 lacs to Bank of Maharashtra under DEDS scheme for purchasing 10 cross-bred cows during August 2011. After scrutinized the proposal, the bank has sanctioned his loan of Rs.4.50 lacs within 12 days. He had also deposited 10% margin money i.e. Rs.50000/- to the bank to availing loan as per term & condition of the bank. The loan carried an interest of 13% per annum and he is now making a repayment of about Rs 10000/- per month. He has to pay entire loan amount within 60 months to bank. He has got also subsidy of Rs.1.25 lacs from NABARD under the DEDS.

At present he has 20 cross-bred cows and 9 heifers. Out of twenty crossbred cows, 17 are in milk and 3 are in advance stages of pregnancy. Under DEDS scheme, he has purchased only ten cross-bred cows with good health from animal fair with the consultation of veterinary doctor. Only these newly purchased animals were insured through United India Insurance Company Limited and insurance premium is about Rs 2023 per animal per annum. For AI services he pays Rs 100-150 per shot. He grows sufficient green fodder on his land to support the cattle. Now he had converted the temporary shed in to a permanent pucca cattle shed after availing loan.

The milk production is about 200 to 210 litres per day out of that he sells 190-200 litres of milk per day to co-operative society. His daily net income has gone up from Rs 1600 to around Rs 3800-4000 after induction of more animals under DEDS. Sometimes he also sells some milk to neighbors and sweet shops that pay slightly higher during the festival time. He is also paying regularly EMI to the bank through society. He has purchased dairy equipments i.e. SS buckets, SS milk drum and lactometer to maintain and check the quality of milk. The profit earned is not only giving his family comfort of modern living, but also given confidence to support his large family. He has also given employment to additional 4 persons who do various works like taking care of the cows, growing fodder and cleaning etc. Now he enjoys a high social status in the village.

Dairy Farming is big push to rainfed farmer in Rajasthan

Acknowledging dairy farming and dairy processing as one of the substantial contributing factors to rural development in Rajasthan, the dairy has steadily emerged to be stable sources income to the farmer. The beneficiaries of DED scheme recognized the positive impact in term of increased in the number of animals, milk production, building dairy farming infrastructure, generating employment, marketing and value addition in the dairy sector. The programme has reached to over almost all districts across the Rajasthan.

Farmer members of village milk society, i.e. Kana Ram, Ganesh Narayan, Girdhari Singh and others from the Risani village, Jaipur district recognized the contribution of the DED scheme. All they have learnt from their family who had traditionally owned 1-2 animals and have 5-10 acre agricultural land to support their family needs.

The DED scheme doubled their quality cattle population and milk productivity. The farmers were motivated to avail loan from the local banks like ICICI, PNB, and SBBJ Chomu, Jaipur which are operational in the region. The increasing milk demand significantly improved dairy infrastructure, bulk coolers, chilling centre, processing, veterinary and AI services.

Shri Kana Ram, viillage Risani, in district- Jaipur Rajasthan narrates his experience of getting benefits under DEES. My family consists of my wife and two sons. I have been working in the farm along with doing the household work. Over the last few years, we have experienced quite a huge economic improvement as my contribution to the family's income has increased. Initially I had two cattle and most of the milk collected was used within the house. Later I have learned from ICICI bank official and fellow farmers and took loan for 4 cross-cows under DEES for the 60 month period during 2012. Since, the insurance is mandatory, I have taken Insurance of these animals. However, over the years, by implementing what I learned from the DEES programme, I have been able to improve the productivity of my cattle and expanded cattle and infrastructure facilities. Today I have six cattle and earn a monthly income of about Rs. 20,000 from selling milk. This improved by family standards in the society.

Dairy farming emerging business among the farming families- Case of Gujarat.

In Gujarat, the dairy farming has steadily emerged as a stable sources income to the farmer. The beneficiaries of DED scheme recognized the positive impact in term of increased in the number of animal milk production, building dairy farming infrastructure, generating employment, marketing and value addition.

The Village Milk Cooperative Society (Milk Mandli) Khadana is playing very active role in implementing the scheme such as providing scheme information, arranging loan, subsidy follow-up, ensure timely repayment of EMI to bank, milk marketing and regular payment to dairy farmers. Both cooperative and commercial bank are more interested to provide loan to the members of milk cooperative society than others. The society is also extending services like purchasing quality cattle from other states like Punjab (Ludhiana) and Maharashtra (Nasik), local market, as well as animal care services and AI facilities at a nominal charge of Rs 50 per visit.



Chotabhai Ashabhai Parmer, Village Khashana, Patlad, Distirct Anand, Gujarat shared his experience of DEDS “I have 4 acres of irrigated land suitable for cultivation of crop. My field is connected with road side. I am having an experience in dairying and also aware about the profitability of dairy farming business. Initially I decided to do dairy business by purchasing 2 cows In the year 2012, I decided to expand dairy business by purchasing 5 more cows. I come to know through milk society about the NABARD scheme. I have availed loan from the Union Bank of India and subsidy available on purchase of animals. Today I have total 11 cattle including 3 heifers and earning a monthly income of about Rs. 25,000 from selling milk. We are residing in the same area and my family member and one labour are involved in the dairy farming. We do milking by milking machine. I am very happy with my economic progress as I can now support my family and send my children for higher education to city for a bright future. I think education plays an important role for the empowerment of rural persons while developing their confidence and business skills. I would like to further expand my dairy farming business to increase the number of cows from eleven to twenty”.

Case of Haryana

Mr. Naresh Pal resident of Village Bukharpur (Ballabgarh) is having about 0.75 ha irrigated land and started dairy farming as subsidiary enterprise with three buffaloes. His primary occupation before DEEDS was agriculture. Now his primary occupation is dairy farming. There are 6 family members in his family comprising of 2 male, 2 female and 2 children. He has a saving bank account in Syndicate Bank, Branch Dayalpur and had contacts with the bank manager who motivated him to avail loan under DEEDS. Realizing the potential of dairying, he had applied for a loan of Rs.4.00 lacs to purchase 8 buffaloes under DEEDS in the year 2012. After scrutinizing the loan related documents, the bank has sanctioned him a total loan of Rs.4.00 lacs within 15 days. The loan was for a period of 3 years at an interest rate of 12.5% per annum. He had also deposited Rs.40000/- as margin money @10% of loan amount to the bank to avail loan. Under DEEDS scheme, he had purchased eight improved buffaloes from Jind district with the help of fellow farmer. These newly purchased buffaloes were insured through United India Insurance Company Limited at insurance premium of about Rs 1650 per animal per annum. The average lactation length of these animals is 285 days and the average milk production per animal was 14 litres per day. He is also the member of milk cooperative society in the village. Before DEEDS he was pouring only 25 litres of milk per day to the co-operative society. Now he is pouring 142 litres of milk per day. His daily income has gone up from Rs 500/- to around Rs 3500/- after taking benefits under DEEDS. He has got also subsidy of Rs.1.00 lacs from NABARD under the DEEDS.

Now he has 12 buffaloes and 3 heifers. Out of twelve buffaloes, 9 are in milk and 4 are in advance stages of pregnancy including one heifer. Since his income has increased therefore he had converted the temporary shed in to a permanent pucca cattle shed. He has also purchased a motorcycle. He has also given employment to additional 2 hired labour for looking after these animals. With more money at disposal, he commands a high social status in the village. He is also motivating other farmers to go for dairying.

Case of Manipur

Shri Chandam Sanjay Singh , is a young entrepreneur from Lamlang, East Imphal District . He has to support a big family of nearly 10 persons. He has a post graduate degree in Arts but had no formal training in dairying. All he has learnt from his family who had traditionally owned animals. He has 4 acre land to support the animals and his family. Local veterinary doctor also helped him. He already had 2 cross-bred cows & 6 desi cows and have good exposure to animal husbandry activities.

He had a bank account in PNB at Imphal and had some contacts with the bank manager who motivated him to avail loan under DEDS. He took loan for 5 cross-bred cows under DEDS during June 2012. He took a loan of Rs 3 lakhs and now making a repayment of Rs 6000/- per month. Now he has 7 cross-bred cows, 5 desi cows and 7 heifers. Out of seven crossbred cows, 4 are in milk and 3 are in advance stages of pregnancy. All seven cross-bred cows are insured. Insurance premium is about Rs 3000 per animal per annum. Veterinary services are available at call but they charge Rs 500 per visit. For AI services he pays Rs 150 -200 per shot. He gives lot of cattlefeed besides green fodder.

He sells 70-80 litres of milk per day. His daily net income has gone up from Rs 500 to around Rs 1500-1800 after induction of more animals under DEDS. The profit earned is not only giving his family comfort of modern living, he has also given employment to two persons who do various works like taking care of the cows, growing fodder and cleaning among others. Earlier he had constructed a temporary shed for the animals which is now being converted in to a pucca shed. He owns some poultry birds also.

He keeps lactometer to maintain and check the quality of milk. He contributes a portion of milk to co-operative society as a member which gives him Rs 34 per litre. He also sells some milk to neighbors who pay slightly higher.

He is interested in taking up dairying as a profession which has brought him respect and money.

Bharat Dairy- A role model for other entrepreneurs

The family of Bharat Yadav has been traditionally into dairy since generations and it is the sole source of their income. They have a small piece of land in Mowa in Raipur which is being utilized both for residence as well as for maintain the dairy enterprise. The Mowa area of Raipur is a highly dense residential area and there is high demand of farm fresh milk in the locality. Before going for expansion under DEEDS scheme, Bharat Yadav had a dairy enterprise of 10 animals mostly of Buffalos. They have been selling milk to the residents in the locality and there was huge gap in demand and supply. The outlet for selling milk of Bharat Yadav is a well-known entity as Bharat Dairy. Realizing the market demand for greater farm fresh milk in the residential locality, the family applied for loan under DEEDS scheme for expansion of their enterprises.

The family applied for loan to expand their present unit by another 10 animals. The total project cost was Rs. 5.0 lakhs out of which the margin money was 0.50 lakhs. The family purchased 10 animals. All the 10 animals purchased under the scheme were Jersey/Sahiwal each of which had been giving milk in range of 12-15 L per day and had lactating period of average 250 days. From day one, all the milk has been picked up from the doors of Bharat Dairy. The family has greatly benefitted from the expansion and had reported an increase of 150% rise in sales and their market area has also expanded. Before the scheme, the family was managing the dairy on their own with family members contributing to the labour, but with this expansion, they have hired 2 labours to support them for the activity.

The daily sale of Bharat Dairy is presently of around 120-150 Litres giving them a net profit of around Rs.30,000/- per month. The family has been easily able to pay the EMI on time with the returns from the enterprise.

However, being located in a highly dense residential area of Raipur, the family has been receiving notices from local Municipal Corporation to relocate/close the enterprise. To counter this situation, the family has purchased a land in outskirts of Raipur to now relocate and they plan to retain the outlet in the residential area so that they are able to retain their customers.

Two of their children are studying outside Raipur and the expansion of the dairy enterprise has contributed in supporting the family to meet the aspirations of their children. They have also future planning of further expanding their enterprise and catering to farm fresh milk requirements of the area. The family is very enthusiastic about the expansion of their unit and was thankful to the Govt. for initiating such scheme.

Case of Uttar Pradesh

Shri Ram Naresh Yadav, is a graduate entrepreneur from Allopur Bukhari (Gotani) village of Pratapgarh district. He is having 5 family members (3 adults & 2 children) and 0.60 ha irrigated land to support the family. Regarding dairying farming he has learnt from his family who had traditionally owned animals. He already had 2 buffaloes and have good exposure to animal husbandry activities. Now, his primary occupation is dairy farming.

The local veterinary doctor motivated him to avail loan under DEDS. He took loan of Rs 5 lakhs from Baroda U.P.Gramin Bank, Gotani (Pratapgarh) at the rate of Rs.12.25% per annum after depositing margin money of Rs.50000/- for 10 buffaloes under DEDS during May 2012. These animals have been purchased from local cattle market in consultation with the local veterinary doctor. All these 10 improved buffaloes purchased under DEDS were insured. Insurance premium is about Rs 2800 per animal per annum. Mr. Yadav has received an amount of Rs.1.25 lakhs towards subsidy. Now he has 12 buffaloes and 4 heifers. Out of 12 buffaloes, 8 are in milk and 4 are in advance stages of pregnancy. Besides, 3 heifers are also in advance stage of pregnancy. Veterinary services are available at call but they charge Rs 100 per visit.

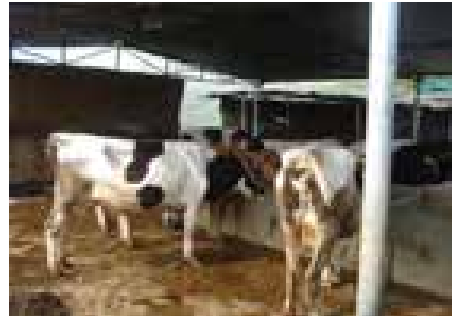
He sells 80-85 litres of milk per day to the milk vendor. His daily income has gone up from Rs 300 to 2500 after induction of 10 buffaloes under DEDS. The profit earned is not only giving his family comfort of modern living, he has also given employment to two persons. As a result of enhanced his income he had constructed pucca cattle shed for the animals.

Since, he is selling the milk to the private milk vendor therefore he keeps lactometer to maintain and check the quality of milk. He is interested in taking up dairying as a profession which has brought him respect and money.

Story of a Dairy Farmer from Bihar

Shri Avinash Kumar is one of the beneficiary farmers from Chainpur village, in Sampatchak block of Patna district. After completing the B. A. he along with his wife decided to take up the dairy business for their livelihood. The Agriculture Officer of Punjab National Bank helped the family to get more information on dairy business and the subsidized loan. Smt. Neelam Kumari took the loan as the women beneficiary for dairy business under the Dairy Entrepreneurship Development Scheme of Govt. of India channelized through NABARD for subsidy.

Before availing the benefit of the scheme of subsidized loan for dairy business, she had only 2 cows. She took loan of Rs.2.00 lakhs from Punjab National Bank for 4 crossbred cows and deposited an amount of Rs.20000/- as margin money. The rate of interest was 12.75%. Now she had 6 crossbred cows in total. Average lactating length reported was 280 days.



Before DEDS Scheme she was pouring about 8-10 litres of milk per day at the primary cooperative dairy milk society established by Patna Dairy in her village. Now, she is pouring 60 to 65 litres milk per day. The milk production has increased about seven fold and the income from the milk sale also increased from Rs. 250- 1800/- per day which improved the economic and social status of her family. The pucca cattle shed has been constructed She reported that their dependence on borrowed money also decreased while she also improved her living conditions by renovating and construction of the residential building, sending children to school with better food and clothing with improved health care and nutrition of her family.

