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## UNIT 3 GOVERNMENT POLICIES AND INCENTIVES

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### Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Vision and Mission of the Government
- 3.3 Schemes for Development of Dairying
  - <sup>2/21</sup> Intensive Dairy Development Programme
  - <sup>2/21</sup> Strengthening Infrastructure for Quality & Clean Milk Production
  - <sup>2/21</sup> Assistance to Cooperatives
  - <sup>2/21</sup> National Project Cattle and Buffalo Breeding
- 3.4 Incentive Schemes for Farmers, Youth and Entrepreneurs.
  - <sup>2/21</sup> Dairy/Poultry Venture Capital Fund
  - <sup>2/21</sup> Livestock Insurance Scheme
  - <sup>2/21</sup> Others Scheme For Dairying
- 3.5 Let Us Sum Up
- 3.6 Key Words
- 3.7 Some Useful Books
- 3.8 Answers to Check Your Progress

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### 3.0 OBJECTIVES

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After reading this unit we will be able to:

- <sup>2/21</sup> state the policies and incentives taken by the Government in the current plan period;
- <sup>2/21</sup> enumerate important on-going schemes in dairy development; and
- <sup>2/21</sup> specify the features of on-going schemes.

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### 3.1 INTRODUCTION

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The role of dairy development in increasing milk production, improving the nutritional standards of the people, generating employment opportunities (both direct and indirect) and improving income level in rural areas, especially for small and marginal farmers and agricultural labourers has been well established. We have already learnt the role of various organizations (like NDRI, NDDB, NGOs, Cooperatives etc.) and programmes (like Operation Flood) in the development of dairying in India. These institutions and programmes are directly related to the government policies and initiatives for improvement of both milk production and marketing.

Presently animal husbandry and dairying receive priority in the government's efforts for generating wealth and employment, increasing the availability of animal protein in the food basket and for generating exportable surpluses. The value of output of milk at current price (2003-04) was Rs.110085 crore, which is about 67% of the total contribution of livestock sector. Table 3.1 gives the information about the percentage contribution of livestock sector in the total Gross Domestic Product (GDP) of the country and the percentage contribution of milk in the total livestock sector. The Tenth Plan target for milk production is set at 108.4 million tonnes (MT). envisaging an annual growth rate of 6.0 per cent. Dairying plays a crucial role in rural economy and livelihood particularly for the rural women who play a significant role in dairy farming and are directly involved in major operations like

feeding, breeding, management and health care. In dairying, 75 million women are engaged as against 15 million men. As the ownership of cattle and buffaloes are more evenly distributed with landless labourers, and marginal farmers, the progress in the dairying sector will result in a more balanced development of the rural economy, particularly in the reduction of poverty ratio. Even many small and medium farmers who derive yearly savings from agriculture are dependent on livestock especially dairy and poultry for daily subsistence. The allocation for animal husbandry, dairying and fishery is Rs. 2500 crore during the tenth plan.

**Table 3.1: Percentage contribution of livestock sector in the total Gross Domestic Product of the country and the percentage contribution of milk in the total livestock sector.**

Year	% Contribution of livestock sector in total GDP of the country	% Contribution of milk in the livestock sector
1993-94	6.5	64.8
1994-95	6.3	66.3
1995-96	6.1	66.7
1996-97	6.0	66.2
1997-98	5.9	66.0
1998-99	5.7	67.5
1999-00	5.6	67.4
2000-01	5.7	67.5
2001-02	5.7	66.8
2002-03	5.7	66.0
2003-04	5.6	66.9

### **3.2 VISION AND MISSION OF THE GOVERNMENT**

In the last few decades, the overall growth rate in livestock sector was steady and was above 5% per annum and this has been achieved despite the fact that investment in this sector was not substantial. But since the Ninth Plan there is some decline in the growth rate of livestock products. Total livestock output increased at 3.8% per annum during the Ninth Plan, slower than the 4.5% growth rate achieved during 1980-97. In comparison to the Ninth Plan, growth rates in the first two years of the Tenth Plan have declined quite significantly - milk (2.2% from 4.3%), egg (2.14 from 7.3%) and wool (-0.6% from 2.1%). A matter of concern is that milk and egg production has decelerated despite the latest Livestock Census showing large increase since 1997 in the number and proportion of crossbred cattle and also of poultry. Besides drought conditions, feed availability and marketing problems of livestock products appear important.

Broad frame-work of cattle and buffalo breeding policy recommended for the country since mid-sixties envisaged selective breeding of indigenous breeds in their breeding tracts and use of such improved breeds for upgrading of the non-descript stock. While the States accepted the framework, appropriate implementation of the same through field level programme could not be done. Lack of interest in promoting Breed Organization/ Societies and related farmers' bodies contributed to gradual deterioration of indigenous breeds. That there had been large deviation from the laid breeding policy is quite obvious from the fact that crossbreeding which was to be taken up in a restricted manner and in areas of low producing cattle has now

spread indiscriminately all over the country including in the breeding tracts of some of the established indigenous cattle breeds.

Investment in the dairy sector has been reduced drastically in the Ninth Plan. In comparison to Eighth Plan investment of Rs. 821.43 crore (against the plan outlay of Rs. 900 crore), the maximum investment during 9th Plan would be Rs. 130.93 crore against the plan outlay of Rs. 469.52 crore. Out of 168 Milk Unions, 119 Milk Unions (70.8 percent) were running in loss as on 31.3.1998. So far, the Government policy in dairy sector has been to give preference to the establishment of milk processing plants and selling liquid milk particularly in urban areas. This policy was guided by an overall shortage of milk and the national milk production falling short of nutritional requirement during the earlier years of planning era. But the scenario has changed from a milk shortage environment to conducive environment that will enhance demand so that growth rate of milk production is stimulated. No policy measures were undertaken so far to give a fillip to the unorganized sector involved in the production of Indian dairy products (like *ghee, paneer, channa, khoa*, etc.), which have tremendous potentiality for export market in Asian and African countries.

The major focuses of Government of India for dairy development during the Tenth Five-Year Plan are:

- 1) The main thrust will be on genetic upgradation of indigenous/native cattle and buffaloes using proven semen and high quality pedigreed bulls and by expanding artificial insemination and natural service network to provide services at the farmer's level. Production of progeny-tested bulls in collaboration with military dairy farms, government/institution farms and *gaushalas* will be taken up.
- 2) Conservation of dairy breeds should be the national priority to maintain diversity of breeds and preserve those showing decline in numbers or facing extinction.
- 3) After the successful eradication of Rinderpest disease, the focus would now be to adopt a national immunization program to control prevalent animal diseases. Efforts will be made for the creation of disease-free zones to boost export of milk products.
- 4) Development of fodder through cultivation of fodder crops and fodder trees, regeneration of grazing lands and proper management of common property resources.
- 5) Building infrastructure for animal husbandry extension network. Panchayats, cooperatives and NGOs should play a leading role in generating a dedicated band of service providers at the farmer's doorstep in their respective areas
- 6) Strengthening infrastructure and programmes for quality and clean milk production and processing for value addition.
- 7) An information network would be created based on animal production and health with the active involvement of Research Institutions, Government departments, private industries, cooperative, and NGOs.
- 8) A regular interaction between the Department of Animal Husbandry and Dairying and research institutes like the Indian Veterinary Research Institute, National Dairy Research Institute, Institutes on cattle, buffalo, sheep, goat, equine and camel.

**Check Your Progress 1**

- 1) How livestock sector plays a crucial role in the rural economy?  
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2) What are the major focuses of Government of India for dairy development during the Tenth Five-Year Plan?

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### 3.3 SCHEMES FOR DEVELOPMENT OF DAIRYING

#### i. Intensive Dairy Development Programme (IDDP)

The implementation of Operation Flood (OF) program has revealed that linking of milk shed/milk production areas to the urban markets pays rich dividends through increased availability of milk to the urban consumers and remunerative return to the rural milk producers through cooperative infrastructure. During Operation Flood implementation period, the dairy development activities in the non-operation flood, hilly and backward areas, which have comparatively lesser potential for milk production, were carried out by the State Governments under the State Plan Schemes.

However, due to limited resources of the State Governments, it has been observed that there is a strong need on the part of Government of India to support efforts of the State Governments in taking up dairy development activities in these areas. Accordingly, the Department of Animal Husbandry and Dairying had launched a scheme entitled “Integrated Dairy Development Project (IDDP) in Non-Operation Flood, Hilly and Backward Areas” on 100% grant-in-aid basis during the 8<sup>th</sup> Plan period and continued during IX Plan. The proposal to further continue the scheme during the remaining period of X Plan and also in the XI Plan period has been considered by Government of India.

The Government of India has now approved the implementation/continuation of the modified scheme during X Plan period. The scheme would be entitled “Intensive Dairy Development Programme” (IDDP) and is implemented in hilly and backward areas including the districts which have received less than Rs. 50.00 lakh for dairy development activities during Operation Flood Program. The total Central Outlay of the scheme during the X Plan period is Rs. 175.00 crore.

**Funding:** The pattern of funding in non-operation flood areas will be on 100% grant in aid basis from Central Government to the State Governments/Union Territory Administration except for the cost of land. The pattern of funding for the districts which were covered under OF program but where investment during OF Programme was less than Rs. 50.00 lakh will be 100% grant in aid for the processing capacity up to 20,000 liters/ day. Above this capacity, OF pattern will be followed namely, 70% loan and 30% grant.

#### Implementation

- <sup>2/21</sup> The State Dairy Federations/District Milk Unions in view of their expertise and professionalism will implement the project.
- <sup>2/21</sup> The funds will be released directly to the implementing agencies to avoid delay in release of funds and speeding up the implementation of the project.
- <sup>2/21</sup> The project will be prepared based on cluster approach in areas with better availability of water and fodder.
- <sup>2/21</sup> Provision will be made for producing better quality milk in order to create environment for production of clean and good quality milk and adopting good hygienic practices.

- 2/21 Maximum project cost will be Rs. 3.00 crore per district.
- 2/21 Major components of the project will have the following ceilings:
  - 2/21 Milk processing and marketing facilities (including chilling, processing, product manufacturing and marketing – not more than 60% of the total project cost.
  - 2/21 Milk procurement activities including expenditure on DCS milk transportation, procurement tankers and other vehicles etc. – not more than 30% of total project cost.
  - 2/21 Technical input services including breed improvement, animal health care, feed and fodder development/provision etc. – not more than 20% in areas where the breed improvement facilities are not provided under National Project for Cattle and Buffalo Breeding (NPCBB) or any other similar program and not more than 10% in areas covered by NPCBB etc.
  - 2/21 Cattle induction to be restricted to only scheduled castes/scheduled tribes and BPL families subject to an overall ceiling of 10% of the total project cost and subsidy may be restricted to 50% of the NABARD cost of cattle.
  - 2/21 Manpower development including training requirements of field and dairy staff as well as Management Committee of DCS and farmers training – not more than 10% of the total project cost.
  - 2/21 Working capital—not more than procurement price for 21 days of the targeted milk procurement.
  - 2/21 Management grants for a period of 3 years on a tapering down basis.
  - 2/21 Benchmark survey and preparation of high quality Detailed Project Reports – not more than 3% of the total project cost.
  - 2/21 Concurrent evaluation and in-depth independent evaluation to be undertaken—not more than 2% of the project cost.

**Monitoring:** The project prepared by the State Governments/Implementing Agencies within the project guidelines given in preceding paragraphs shall be considered by the Project Sanctioning Committee. The projects will be regularly monitored on quarterly basis by a Technical Management Committee headed by Secretary, In charge of Dairy Development in the concerned State/Union Territory.

## **ii. Strengthening Infrastructure for Quality & Clean Milk Production**

Government of India has introduced a centrally sponsored scheme “Strengthening Infrastructure for Quality & Clean Milk Production” during 10<sup>th</sup> Plan period with following objectives:

- 2/21 Creation of infrastructure for production of quality milk and milk products at the farmers level up to the points of consumption.
- 2/21 Improvement of milking procedure at the farmers level.
- 2/21 Training and strengthening of infrastructure to create mass awareness about importance of clean milk production.

**Funding:** The pattern of funding under the scheme will be on 100% basis, for the following components:

- 2/21 Training for clean milk production to all members of the society.
- 2/21 Detergent, antiseptic solutions, muslin clothes.
- 2/21 Utensils and accessories for clean milk production.
- 2/21 Strengthening of existing laboratory facilities.
- 2/21 Planning and monitoring.

The pattern of funding under the scheme will be in the ratio of 75:25 for purchase of bulk cooler between Government of India and the respective Dairy Cooperative/ Union.

**Implementation:** Dairy Cooperative/Union/Federation will implement the scheme through State Government. The Project shall be prepared as per the guidelines of the scheme given below and shall be submitted through concerned state Government/ Union Territory Administration to the Department of Animal Husbandry & Dairying.

- i. The first element of the project formulation would be to undertake an analysis of the proposed village to ascertain the quality standard of milk available in the village and adjoining areas both in terms of bacteriological and chemical quality. Then the status and performance of the Dairy Cooperative Society (DCS) formed in the village; its total collection and distance covered to transport the milk to the union/nearby market will be examined.
- ii. While preparing the project it must be ensured that the villages and the DCS proposed for consideration under any other similar schemes on clean milk production of NDDDB/Central/State Government are not covered by this scheme.
- iii. While selecting DCS all such DCSs those are located in a single charged milk collection route under a Union should be covered under the scheme. In this manner all DCS of a milk route will be covered at the first stage.
- iv. It should be emphasized that all DCSs, who are currently procuring more than 500 liters of milk should be considered at first priority for providing post milking chilling facilities. At second priority, all DCSs having potential of collecting 500 liters of milk per day and having no post milking chilling facilities available within a reasonable distant area but located in the same milk collection route will be selected for assistance under the scheme. In such cases, at first a DCS shall have to be organized before the village can be considered for assistance under the scheme.
- v. Farmer-members who have supplied milk for a minimum of 250 days in a year to the self associated DCS or to another nearer DCS (from farmer's cattle shed/procurement spot) will be considered for assistance under the scheme. However, all farmer-members associated with the concerned DCSs shall be considered for training.
- vi. Selection of DCS and selection of Farmer-members as per above shall be done by the technical/management officers involved in milk procurement and in field level extension services of Dairy Cooperative Union/Federation or Department of Dairy Development of State Government.
- vii. Training program will be undertaken by 'Technical Expert Group for Training' constituted by Dairy Cooperative Union/Federation or Department of Dairy Development of the State Government or at existing training institute nearby.
- viii. The training shall cover theoretical explanation as well as practical demonstration.
- ix. As for the referral text material required for the theoretical training, Dairy Cooperative Union/Federation shall get this material printed and shall distribute the same to each farmer-member in local language at the time of training.
- x. There will be one theoretical session and a practical demo-session in a day. Thereafter, regular field technical staff shall examine the impact of the training for seven to ten days and if needed, they shall supervise day to day activities in the field. The second theoretical session shall thereafter be taken up followed by a practical demo session.
- xi. Expenditure on each farmer-member shall be @ Rs. 125/- for one day of training including referral text material contingency expenditure during the training program.
- xii. The expenditure involved against the traveling expenses of the trainer experts may be met by the concerned department/Dairy Cooperative Union/Federation.

- xiii. As a part of the project formulation exercise, Dairy Cooperative Union/ Federation will have to ensure that inputs relating to 25% of the financial assistance for chilling facilities will be borne by the respective society/Union.
- xiv. The Project will be examined and scrutinized by Dairy Division and approval by the Department in the normal course up to cost of Rs. 5.00 crore and by a Project Sanctioning Committee (PSC) for the Project costing more than Rs. 5.00 crore.
- xv. The total outlay for the scheme for 10<sup>th</sup> Plan is Rs. 30.00 crore and the budget provision of Rs. 1.00 crore for implementation of this scheme during 2003-04 as grant in aid to State Government/Union Territory.

### **iii. Assistance to Cooperatives**

Many district level milk cooperative unions established under Operation Flood programme are running in loss and the effort to rehabilitate them through the Central Sector scheme 'Assistance to Cooperative' is also not effective in most cases. During Operation Flood Programme, about 265 districts out of over 500 (presently 600) districts in the country were covered; the remaining 250 districts will be covered by the ongoing scheme 'Integrated Dairy Development Project (IDDP)'. Due to various problems a significant number of Milk Unions created under both the Operation Flood and Integrated Dairy Development Projects are running in loss. The Government of India's 'Assistance to Cooperative' scheme supports the steps necessary to restore the financial health of some loss-making district milk unions established under Operation Flood program. The scheme provides for matching contribution of grants (50:50) from the Central and State Governments. The scheme is implemented through National Dairy Development Board (NDDB). NDDB on its part would reschedule loans, waive penal interest and freeze interest on outstanding loan.

### **iv. National Project for Cattle and Buffalo Breeding (NPCBB)**

The NPCBB scheme is implemented by the Department of Animal Husbandry and Dairying for restructuring and reorienting cattle and buffalo breeding operations in the country with special emphasis on maintaining quality in inputs and services. The project will, over a ten year period, bring under organized breeding coverage, all the breedable female cattle and buffalo in the State through a combination of (i) a vastly improved artificial insemination (AI) network delivering AI at the farmers door step and (ii) it will strategically position bulls for natural service. The project will be implemented in two phases: I phase between 2001-2005 and II phase between 2006-2011.

Under this project, 100% grant-in-aid will be provided to the States for taking up the following activities:

- <sup>2/21</sup> Survey work to generate relevant information.
- <sup>2/21</sup> Conduction of Seminar and Workshop
- <sup>2/21</sup> Computerization at state and district level.
- <sup>2/21</sup> Strengthening of training center, bull farm and semen bank/stations etc.
- <sup>2/21</sup> Strengthening of infrastructure for Liquid Nitrogen storage and distribution
- <sup>2/21</sup> Training of professionals.
- <sup>2/21</sup> Establishing of breeders association and progeny testing programme.
- <sup>2/21</sup> Training of A.I workers (both departmental and private worker)
- <sup>2/21</sup> Farmers training and extension program
- <sup>2/21</sup> Conversion of static to mobile AI centers.
- <sup>2/21</sup> Purchase of equipment for private AI workers
- <sup>2/21</sup> Tapering grant for private AI workers

- 221 Purchase of new bulls.
- 221 Extension programme and farmers training.
- 221 Equipment for AI workers.
- 221 Strengthening of AI networks.
- 221 Managerial grant to State Implementing Agency
- 221 Miscellaneous

**Check Your Progress 2**

- 1) Describe the salient feature of the major scheme of Government of India for creating milk marketing infrastructure in rural India.  
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- 2) State the features of the Central Sector Scheme for clean milk production.  
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- 3) Explain National Project for Cattle and Buffalo Breeding (NPCBB)  
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**3.4 INCENTIVES SCHEMES FOR FARMERS, YOUTH AND ENTREPRENEURS**

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**i. Dairy/Poultry Venture Capital Fund:**

Small rural producers scattered all over the country accounting for about 70% of production characterize milk production in India. In India, a far larger proportion of milk continuous to be handled by the unorganized sector i.e. about 85% comprising innumerable small processors and manufacturers of indigenous milk products. But the main contention in the unorganized sector is quality, which cerates a serious threat to human health. The Government of India has introduced this scheme in the tenth plan to provide financial assistance for setting-up/modernization of dairy sector. The interventions through the scheme involve the generation of self-employment and providing infrastructure to the unorganized sector for making improvement in the quality resulting in food safety. It will help in bringing a significant portion of unorganized sector in the ambit of organized sector and will result in increasing the commercial viability of the activities.

The guidelines for the approval of the project shall be as below:

- 221 The financial assistance of 50% of the project cost will be provided by Government of India as interest free loan while 40% of the project cost shall be provided by the financing bank at the rate of interest as applicable for agricultural activities and 10% share of the project cost shall be borne by the beneficiary. Besides this, the Government of India will also subsidize the interest component applicable for agricultural activities to the extent of 50% in case of regular/timely repayment by the beneficiary.

- <sup>2/21</sup> The Government of India will release its share to NABARD, which will be maintained by it as revolving fund.
- <sup>2/21</sup> The scheme will be extended to agricultural farmers/individual entrepreneurs and groups of all sections of unorganized as well as organized sector.
- <sup>2/21</sup> The proposals will be sanctioned by the commercial banks as per the guidelines of RBI, NABARD and Government of India. The recovery of loan, when made, will be divided between the Government of India's share and the Bank's share of loan on pro-rata basis. Similarly, the loan will be disbursed simultaneously from the revolving fund as well as banker's share on pro-rata basis.

The components, which can be funded under the scheme, are given below. However, they may be funded individually or in combination.

S.No.	Component	Maximum total project cost* (Rs. In lakhs)
1.	Establishment of small dairy farms – Ten animal unit (buffaloes/cross breed cows) for milk production	Rs. 3.00 lakh per unit (up to ten animals) – Any Non Operation Flood areas. – The total cost depends on the infrastructural facilities required.
2.	Purchase of milking machines/milk-o-tester/bulk milk cooling unit, etc.	Rs. 15.00 lakhs Milking Machine, Milk-o-tester Bulk Milk Cooling units (up to 2000 ltr. Capacity)
3.	Purchase of dairy processing equipment for manufacturing indigenous milk products.	Rs. 10 lakhs per unit – Unit cost depends upon the quantum of milk to be handled and the type of products to be manufactured. – The total cost depends upon the investment on civil structures, type and source of machinery.
4.	Establishment of dairy product transportation facilities including cold chain.	Rs. 20 lakh per unit – Unit cost depends upon the quantum of milk/milk products to be transported/handled and the type of products to be transported. – The total cost depends upon the investment on type and source of transport vehicle and machinery.
5.	Cold storage facilities for milk and milk products	Rs. 25 lakhs per unit – Unit cost depends upon the quantum of milk/milk products to be stored and the type of products to be stored. – While the cost depends upon the investment on type and source of machinery used.
6.	Establishment of private veterinary clinics	Rs. 2.00 lakhs per unit for Mobile clinics and Rs. 1.5 lakh for Stationary clinic-Area of operation from 8 to 10 villages having 5000 to 6000 cattle units.

## ii. Livestock Insurance Scheme

The Department of Animal Husbandry & Dairying will introduce a Centrally Sponsored Scheme 'Livestock Insurance' in the year 2005-06. The justification given for introducing the scheme are:

- <sup>2/21</sup> To protect the farmers and landless labour against losses, which they have to incur resulting from untimely death of livestock, owned by them.
- <sup>2/21</sup> It is difficult for the Government to persuade the farmers to go in for genetic upgradation of their cattle through cross breeding or acquisition of high yielding milch animals unless sufficient incentive is provided by way of insuring them against losses (which will be much higher in case of crossbred and high yielding animals) caused by death of these animals.

The broad features of the proposed new scheme are:

- i) While eventually all types of livestock will be brought under the scheme, it is proposed to concentrate initially on crossbred and high yielding cattle and buffaloes. Maximum 2 dairy animals per farmer will be insured under this scheme.
- ii) While preference will be given to small and marginal farmers and landless labour, other farmers will not be excluded from the purview of the scheme.
- iii) It is proposed to link the new scheme of livestock insurance with Centrally Sponsored Scheme of 'National Project for Cattle and Buffalo Breeding' (NPCBB) this scheme so as to ensure easy identification of animals to be insured and necessary follow-up; this will also act as an incentive for the participants in NPCBB.
- iv) The insurance companies will be persuaded to apply the scheme rates (which are lower) or near scheme rates, for the animals to be covered under the proposed new scheme. The expected premium would be around 5-6% for a policy period of 3 years.
- v) It is proposed that 50% of the premium should be borne by the Government (the remaining 50% to be paid by the beneficiary).
- vi) To ensure active involvement of the veterinary practitioners at the village an incentive of the order of Rs. 50 per animal will have to be provided for them.

## iii. Others Schemes for Dairying

Besides the Ministry of Agriculture, schemes relating to dairying are being implemented by other ministries viz. Ministry of Food Processing Industries, Department of Science and Technology, Ministry of Rural Development. During the tenth plan, Ministries of Food Processing Industries (MOFPI) had been operating many schemes for the development of food processing sector which inter alia includes setting up/expansion/modernization of food processing industries covering all segments viz. fruits & vegetable, milk products, meat, poultry, fishery, cereal, pulses, oil seeds and such other agri-horticultural sectors. During the tenth plan, these schemes were merged and one macro level scheme for 'Infrastructure Development' has been introduced with a view to enabling small and medium scale units to attain viability by defraying the cost of major facilities such as cold storage, warehousing, R&D Laboratories, power and water supply, etc. Under the scheme Food Parks will be established in different parts of the country. For packaging center, entrepreneurs will get assistance upto 25% of the total cost of plant and machinery and technical civil works (33% in difficult areas) subject to a maximum of Rs. 2 crore. The scheme has also provision for assistance for stationary/mobile pre-cooling storage, refrigerated transport system and freezer cabinets at retail outlet. Technology Information, Forecasting & Assessment Council (TIFAC) under the Department of Science and Technology also assist for projects like clean milk production and improvement of milk quality. The Ministry of Rural Development

assists in the formation of dairy cooperatives especially women dairy cooperative through the Science Technology Entrepreneurs Parks (STEP) programme. Assistance is also available for construction of milk chilling centers.

### Check Your Progress 3

1. Name the major components funded under the scheme Dairy and Poultry Venture Capital Fund.

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2. Write about Infrastructure Development Scheme.

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3. State about Livestock Insurance Scheme.

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### 3.5 LET US SUM UP

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Now, we have learnt about the policies and initiatives taken by the Central Government. The main thrust will be on genetic upgradation of indigenous/native cattle and buffaloes, conservation of dairy breeds, implementation of a national immunization programme to control prevalent animal diseases, development of fodder, building infrastructure for animal husbandry extension network and strengthening infrastructure and programs for quality and clean milk production and processing for value addition. The major Central Government Schemes for development of dairying sector are: (i) Intensive Dairy Development programme (IDDP), (ii) Strengthening Infrastructure for Quality & Clean Milk Production, (iii) Assistance to Cooperatives, and (iv) National Project for Cattle and Buffalo Breeding (NPCBB).

IDDP is implemented in hilly and backward areas including the districts, which have received less than Rs. 50.00 lakh for dairy development activities during Operation Flood Programme. The pattern of funding in non-operation flood areas will be on 100% grant in aid basis from Central Government to the State Governments/Union Territory Administration except for the cost of land. The pattern of funding for the districts which were covered under OF program but where investment during OF Programme was less than Rs. 50.00 lakh will be 100% grant in aid for the processing capacity up to 20,000 liters/day. Above this cap, OF pattern will be followed namely, 70% loan and 30% grant. The main objective of the scheme “Strengthening Infrastructure for Quality & Clean Milk Production” is to create infrastructure for production of quality milk and milk products at the farmer’s level up to the points of consumption. The pattern of funding under the scheme will be in the ratio of 75:25 for purchase of bulk cooler between Government of India and the respective Dairy Cooperative/Union. Further 100% grant is given for training of farmers for clean milk production, purchase of detergent, antiseptic solutions, muslin cloth, utensils and accessories for clean milk production and strengthening of existing laboratory facilities. District level milk cooperative unions,

which were established under Operation Flood program and are presently running in loss, are rehabilitated through the Central Sector scheme 'Assistance to Cooperative'. The scheme provides for matching contribution of grants (50:50) from the Central and State Governments and is implemented through National Dairy Development Board (NDDB). National Project for Cattle and Buffalo Breeding (NPCBB) is implemented by the Department of Animal Husbandry and Dairying for restructuring and reorienting cattle and buffalo breeding operations in the country with special emphasis on maintaining quality in inputs and services. The project will, over a ten year period, bring under organized breeding coverage, all the breedable female cattle and buffalo in the State through a combination of (i) a vastly improved artificial insemination (AI) network delivering AI at the farmers door step and (ii) it will strategically position bulls for natural service. Under this project, 100% grant-in-aid will be provided to the States for taking up the above activities.

There are incentive schemes for farmers, youth and entrepreneurs, which would help them to take up dairying as a profession. Under the Dairy/Poultry Venture Capital Fund, financial assistance of 50% of the project cost will be provided to the entrepreneurs by Government of India as interest free loan while 40% of the project cost shall be provided by the financing bank at the rate of interest as applicable for agricultural activities and 10% share of the project cost shall be borne by the beneficiary. Besides this, Government of India will also subsidize the interest component applicable for agricultural activities to the extent of 50% in case of regular/timely repayment by the beneficiary. Livestock Insurance Scheme would protect the farmers and landless labour against losses, which they have to incur resulting from untimely death of cattle and buffalo owned by them. Two animals per farmer can be insured with subsidized premium. Fifty percent of the premium should be borne by the Government and the remaining 50% to be paid by the beneficiary.

Besides the Ministry of Agriculture, schemes relating to dairying are being implemented by other ministries viz. Ministry of Food Processing Industries (Infrastructure Development Scheme), Department of Science and Technology, Ministry of Rural Development. Technology Information, Forecasting & Assessment Council (TIFAC) under the Department of Science and Technology assist for projects like clean milk production and improvement of milk quality. The Ministry of Rural Development assists in the formation of dairy cooperatives especially women dairy cooperative through the STEP program. Assistance is also available for construction of milk chilling centers.

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### 3.6 KEY WORDS

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- Central Outlay** : It is the allocation earmarked in the annual budget of a Central Department for particular developmental scheme(s).
- Clean Milk Production** : Clean Milk is generally defined as "milk drawn from the udder of healthy animals, which is collected in clean dry milking pails and free from extraneous matters like dust, dirt, flies, hay, manure etc. Clean milk as a normal composition, possesses a natural milk flavour with low bacterial count and is safe for human consumption."
- Conservation of animal breed** : It is the protection and management of biodiversity of different breeds within a species. There are two ways of conservation viz. Ex-situ and In-situ conservation. *Ex situ* refers to

conservation approaches outside of a breed's natural habitat – for example, in zoos and in gene banks. *In situ* is the conservation of ecosystems and natural habitats and the maintenance and recovery of viable populations of species in their natural surroundings. In case of domesticated species, the 'surroundings' refer to places and environment where they have developed their distinctive properties.

- Gross Domestic Product (GDP)** : It is the output of goods and services produced within a country including nationals and resident foreigners but excluding the remittance/profit received from other countries.
- NABARD** : National Bank for Agriculture and Rural Development (NABARD) was established through the Act of Parliament on 12 July 1982 for providing and regulating Credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas. NABARD serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas.
- Progeny testing** : It is obvious that bulls can't be tested directly for traits like milk production. This is overcome by evaluating the performance of a large number of his offspring (progenies). Progeny testing of bulls involves the mating of the bull to a number of cows in several herds using artificial insemination and recording the performance of the daughters in their first lactation.
- Venture Capital** : Venture capital is capital provided by outside investors/agencies for financing of new, growing businesses. Venture capital investments generally are high risk investments but offer the potential for above average returns. A venture capitalist (VC) is a person/agency who makes such investments.
- Working Capital** : Working capital is the capital used to meet the day-to-day business expenditure. This is used to satisfy the contingencies and uncertainties. Working capital = Current assets – current liabilities.

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### 3.7 SOME USEFUL BOOKS

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Animal Husbandry & Dairying (Chapter). Mid-term Appraisal of the Ninth Plan, Planning Commission, Government of India.

Working Group Report for the Tenth Plan (2002-07), Department of Animal Husbandry & Dairying, Government of India.

Inter-Ministry Task Group Report on Investment, Credit and Technical Support to Promote Self-employment in Agriculture, Horticulture, Afforestation, Dairying and Agro-processing. Planning Commission, Government of India.

Annual Report (2004-05), Department of Animal Husbandry & Dairying, Ministry of Agriculture, Krishi Bhawan, New Delhi.

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### 3.8 ANSWERS TO CHECK YOUR PROGRESS

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Your answers should include following points:

#### Check Your Progress 1

- 1) i. In the livestock sector, poor people directly contribute to growth directly. As the ownership of livestock is more evenly distributed with landless laborers, and marginal farmers, the progress in this sector will result in a more balanced development of the rural economy, particularly in the reduction of poverty ratio. Even many small & medium farmers who derive yearly savings from agriculture are dependent on livestock especially dairy & poultry for daily subsistence. The rural women play a significant role in animal husbandry and are directly involved in major operations like feeding, breeding, management and health care.
- 2) i. The major focuses of the government are:
  - <sup>2/21</sup> Genetic improvement of cattle and buffaloes by expanding artificial insemination and natural service network so that farmers get the services at his doorstep.
  - <sup>2/21</sup> Conservation of important dairy.
  - <sup>2/21</sup> National immunization program to control prevalent animal diseases. Efforts will be made for the creation of disease-free zones to boost export of milk products.
  - <sup>2/21</sup> Development of fodder through cultivation of fodder crops and fodder trees.
  - <sup>2/21</sup> Building infrastructure for animal husbandry extension network.
  - <sup>2/21</sup> Strengthening infrastructure and programs for quality and clean milk production and processing for value addition.

#### Check Your Progress 2

- 1) i. The scheme 'Intensive Dairy Development Programme' (IDDP) is being implemented for creating milk marketing infrastructure in hilly and backward areas including the districts which have received less than Rs. 50.00 lakh for dairy development activities during Operation Flood Program. The pattern of funding in non-operation flood areas will be on 100% grant in aid basis from Central Government to the State Governments/Union Territory. Maximum project cost will be Rs. 3.00 crore per district. The State Dairy Federations/District Milk Unions will implement the scheme. Major components of the project are:
  - <sup>2/21</sup> Milk processing and marketing facilities (including chilling, processing, product manufacturing and marketing – not more than 60% of the total project cost.
  - <sup>2/21</sup> Milk procurement activities including expenditure on formation of village level dairy cooperative societies, milk transportation, procurement tankers and other vehicle etc. – not more than 30% of total project cost.

- 2) <sup>2/21</sup> Technical input services including breed improvement, animal health care, feed and fodder development/provision etc. – not more than 20%.
- 2) <sup>2/21</sup> Cattle induction to be restricted to only scheduled castes/scheduled tribes and BPL families subject to an overall ceiling of 10% of the total project cost.
- 2) <sup>2/21</sup> Manpower development including training requirements of field and dairy staff as well as Management Committee of DCS and farmers training – not more than 10% of the total project cost.
- 2) <sup>2/21</sup> Working capital and management grant.
- 2) i. Strengthening Infrastructure for Quality & Clean Milk Production is the major scheme of Government of India with the objective to create infrastructure for production of quality milk and milk products at the farmer's level up to the points of consumption. The pattern of funding under the scheme is in the ratio of 75:25 for purchase of bulk cooler between Government of India and the respective Dairy Cooperative/ Union. Further 100% grant is given for training of farmers for clean milk production, purchase of detergent, antiseptic solutions, muslin cloth, utensils and accessories for clean milk production and strengthening of existing laboratory facilities.
- 3) i. National Project for Cattle and Buffalo Breeding (NPCBB) is implemented by the Department of Animal Husbandry and Dairying for restructuring and reorienting cattle and buffalo breeding operations in the country with special emphasis on maintaining quality in inputs and services. The project will, over a ten year period, bring under organized breeding coverage, all the breedable female cattle and buffalo in the State through a combination of (i) a vastly improved artificial insemination (AI) network delivering AI at the farmers door step and (ii) it will strategically position bulls for natural service. Under this project, 100% grant-in-aid will be provided to the States for taking up activities like strengthening of bull farm and semen bank/stations, infrastructure for LN<sub>2</sub> storage and distribution, establishment of breeders association to undertake progeny testing program, conversion of static to mobile AI center, training and assistance to private AI workers etc.

### Check Your Progress 3

- 1) i. Following components are funded under the scheme Dairy and Poultry Venture Capital Fund:
  - 2) <sup>2/21</sup> Establishment of small dairy farms for milk production with a limit of Rs. 3.00 lakh per unit (up to ten buffaloes/crossbred cows).
  - 2) <sup>2/21</sup> Purchase of milking machines/milk-o-tester/bulk milk cooling unit (up to 2000 lt. Capacity) etc. with a maximum limit of Rs. 15.00 lakhs.
  - 2) <sup>2/21</sup> Purchase of dairy processing equipment for manufacturing indigenous milk products with maximum limit of Rs. 10 lakh per unit.
  - 2) <sup>2/21</sup> Establishment of dairy product transportation facilities including cold chain with maximum cost of Rs. 20 lakh per unit.
  - 2) <sup>2/21</sup> Cold storage facilities for milk and milk products with a limit of Rs. 25 lakh per unit.
  - 2) <sup>2/21</sup> Establishment of private veterinary clinics at a maximum cost of Rs. 2.00 lakh per unit for Mobile clinics and Rs. 1.5 lakh for Stationary clinic.
- 2) i. Infrastructure Development Scheme is implemented by the Ministries of Food Processing Industries (MOFPI) for the development of food processing sector which inter-alia includes setting-up/expansion/

modernization of food processing industries covering all segments viz. fruits & vegetable, milk products, meat, poultry, fishery, cereal, pulses, oil seeds and such other agri-horticultural sectors. This scheme has also been introduced with a view to enabling small and medium scale units to attain viability by defraying the cost of major facilities such as cold storage, warehousing, R&D Laboratories, power and water supply etc. Under the scheme Food Parks will be established in different parts of the country. For packaging center, entrepreneurs will get assistance up to 25% of the total cost of plant and machinery and technical civil works (33% in difficult areas) subject to a maximum of Rs. 2 crore. The scheme has also provision for assistance for stationary/mobile pre-cooling storage, refrigerated transport system and freezer cabinets at retail outlet.

- 3) i. Livestock Insurance Scheme would protect the farmers and landless farmers against losses, which they have to incur resulting from untimely death of cattle and buffalo owned by them. Two animals per farmer can be insured with subsidized premium. Fifty percent of the premium should be borne by the Government and the remaining 50% to be paid by the beneficiary.