

# AN INVESTIGATION INTO DAIRY CO-OPERATIVES IN THE BATTICALOA DISTRICT

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One of the first priorities in a developing dairy industry is a stable, organized market that gives adequate returns to the farmer. The factor most likely to increase milk production steadily is a good selling price relative to the cost of production. The most widely acclaimed milk marketing schemes in the developing countries are the farmer-owned co-operatives, especially where dairying is based on small-scale farming as in India. Although collecting milk from a large number of small-scale farms seems an unorthodox way to run a dairy industry, it can provide a large volume of milk. The system also provides a valuable regular income to the poor village people. Experience also shows that the collection of the limited quantities of milk from the scattered small farms are best handled by co-operatives to improve the income of farmers and to provide processors and consumers with a regular milk supply.

A data collection survey was carried out during March to November 1999 in the Batticaloa district to determine the role of the dairy co-operatives in the dairy industry. It was found that the district had six co-operative societies. Most of them were situated far from the farms. These co-operatives purchased milk from widely scattered suppliers and sold it to processing factories. However, the Bt/Livestock Breeders Co-operative Society that is located in the Batticaloa town was not involved in milk collection even though it had the second highest membership. The study revealed that the services provided by these co-operatives were unsatisfactory and the members could not get the services all the time. Also, most members felt that the extension services provided were inadequate. An important finding was the massive contribution made by the middlemen to the dairy co-operatives and it appeared to threaten the future of dairy farming in the Batticaloa district. In two of the co-operative societies, 40% and 72% of members were found to be middlemen, who supplied 64% and 83%, respectively, of the total milk collected by these societies.

Dairy co-operative members faced several problems such as difficulties in obtaining loans, scarcity of grazing-land, delay of payments, low price for milk and having to travel a long distance to the collecting centres. They also faced problems of not being informed of meetings and other activities of the co-operative society. The co-operative society administration was also confronted with problems. These included difficulties in recovery of loans, transport of milk, and non co-operation of members and veterinary officers.

This study concludes that the dairy co-operative movement in the Batticaloa district is unsatisfactory and unsuccessful because of the limited participation of members in the dairy co-operative activities.