

## EXECUTIVE SUMMARY

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1. *Since the majority of population in India lives in rural areas and there is widespread poverty in the villages, the development of the country depends on rural development. Alleviation of rural poverty has been the major objective of all the social sector programmes of the Government of India. In view of this; Ministry of Rural Development (MoRD) has launched various programmes to bring about rapid and sustainable development as well as socio-economic transformation in India.*
2. *To cover all aspects of self employment programmes, MoRD adopted a holistic approach and restructured the self-employment programmes by clubbing them together under "Swarnajayanthi Gram Swarojgar Yojana (SGSY)", with the broad objective to bring assisted BPL family above the poverty line by the end of the project period. Under SGSY scheme, 15 per cent of the funds have been earmarked for Special Projects to be taken up by the State / Districts depending on the availability of natural resources, raw materials, skills of people, etc.*
3. *For assessing weather these programmes are resulting in effective deliveries, MoRD has initiated Concurrent Evaluation studies of these Special Projects. The present study is one such effort of MoRD to ascertain weather the broad objectives of Special Projects are being fulfilled through the Special Project under SGSY for Infrastructure Development for upliftment of Dairy Farmers specially BPL Families in Kolar Milk Union Jurisdiction in the Kolar District of Karnataka State.*
4. *MoRD has awarded Centre for Symbiosis of Technology, Environment & Management (STEM), Bangalore, to undertake the Concurrent Evaluation of the Special Project with specific objective "To evaluate status and impact of the project particularly, in generation of employment opportunities for local people living below poverty line and improvement of their standard of living in Kolar District.*
5. *To assess the effectiveness of the ongoing project in terms of deliveries and timeliness, the approach adopted by M/s STEM was two pronged. Firstly, the STEM team interacted with the concerned officials of the Zilla Panchayat, project officials of Kolar Milk Union, which is the project implementation agency and secondly, undertook extensive field surveys to have direct interaction with the beneficiaries. Specific Schedules were developed and subsequently canvassed at the district, project and the beneficiary levels.*
6. **Proposed Project:** *It has been proposed to equip the milk producers with facilities and skills for increasing productivity of milching cross breed animals, to provide necessary information technology and training for the milk producers to follow better management practices, to take up clean milk production in order to safeguard the quality standards of milk and to enable the KMU to export the milk & milk products at competitive price in International Market and to also ensure better returns to the milk producers.*
7. **Project Coverage:** *This project covers all the 11 taluks of Kolar District in Karnataka. However, the project is implemented under three phases wherein in first phase 3 taluks are covered (Siglagatta, Baghepalli & Gudibanda), in second phase 4 taluks will be covered (Gowribidanur, Chickkabalapur, Chintamani & Srinivasapur) and in the last phase the remaining 4 taluks will be covered (Kolar, Mulbagal, Bangarpet & Malur).*
8. **Project Period:** *The proposed period for the implementation of the Special Project would be three years from the date of sanction of the project.*
9. **Commencement of Project:** *The project proposal was prepared jointly by the Zilla Panchayat, Kolar District, Govt. of Karnataka and Kolar Milk Union (KMU) and was submitted to the Ministry of Rural Development (MoRD), Govt. of India on 29<sup>th</sup> November*

2002. However, based on the observations of the MoRD, the proposal was modified by the Technical Committee and the project was sanctioned on 20<sup>th</sup> February 2004.

10. **Project Implementation and Monitoring:** The Kolar Milk Union is the project implementation and monitoring agency. Moreover, Zilla Panchayat, Kolar District also acts as a monitoring agency for the effective implementation of the project activities. The evaluation by the implementing agency is once in a month headed by the project coordinator and the union officials. The monitoring by the Zilla Panchayat is done once in two months by the Chief Executive Officer.
11. **Project Cost:** The total project cost as envisaged by the KMU for the implementation of the project is Rs.1285.75 lakhs. However, after reviewing the project proposal the MoRD, Govt. of India sanctioned the project cost of Rs.1188.73 lakhs, comprising of Bank credit of Rs.50 lakhs and Union/Producers/DCS contribution of Rs.153.27 lakhs. The total government share of Rs.985.46 lakhs is shared between the Centre and State in the ratio of 75:25 i.e., Central share is Rs.739.09 lakhs and State share is Rs.246.37 lakhs respectively. There is a difference of Rs.97 lakhs between proposed cost and sanctioned cost and moreover, MoRD has suggested for bank credit of Rs.50 lakhs. KMU is not very clear as to which components have been deleted and under which component the bank credit of Rs.50 lakhs to be utilized. However, KMU is under the process of getting clarification regarding this confusion from MoRD.
12. **Funds Received:** The total funds received, as on 31<sup>st</sup> May 2005 was Rs.394.18 lakhs, of which Rs.295.64 lakhs was the Centre Share and Rs.98.54 lakhs was the State Share. At the time of discussions of STEM team it was noted that action towards demand for release of the second installment was in progress.
13. **Utilization of Funds:** The total funds utilized under the project as on 31<sup>st</sup> May 2005 were Rs.142.31 lakhs. It can be noted that about 36 per cent of the total funds received from Centre and State has been utilized. Moreover, the entire infrastructure proposed under first year target has been installed but the payment of about 20 per cent is pending. KMU has informed STEM team that the balance payments will be made in June 2005, then about 70 per cent of the funds would be utilized.
14. **Physical Performance of Project:** The project has almost come to an end of its first year of implementation. The entire project period is three years. The first year physical targets of various projects activities taken up indicate that all the quality improvement activities, forage production activities and animal healthcare activities proposed are under its completion stage.
15. **Selection Criteria of Beneficiaries:** The eligibility criteria adopted for selection of beneficiaries was that they should be rural poor belonging to the BPL families and should preferably be engaged in Dairy activities. The beneficiaries are thus identified in coordination of the Zilla Panchayat and Gram Panchayats. The identified beneficiaries then get registered as members of the DCS.
16. **Composition of Beneficiaries:** Under the first year target of 250 beneficiaries to be assisted with margin money, as on 31<sup>st</sup> May 2005 about 229 beneficiaries have been assisted with margin money, credit from banks and pursuing dairy activities. The remaining 21 beneficiaries are proposed to be covered by the end of June 2005.
17. **Infrastructure:** The entire infrastructure proposed under the first year target has been set up and also been commissioned. All the infrastructure has been set up very recently, hence the benefits are still not achieved but the beneficiaries as well as KMU envisage that within two to three months the benefits would start to achieve.
18. **Training:** Under the project two specific training programmes have been taken up. One is the Dairy Animal Management (DAM) Trainings for the beneficiaries and the other is the

DCS staff training on clean milk production. Under the first year target of 1500 beneficiaries for DAM trainings about 285 have been trained. Under the staff training of the target of 200 about 57 have been trained. The reason stated for not been able to complete all first year target is that, since the animals and fodder distribution has just been commissioned, so now within three months KMU is proposing to complete all the remaining trainings. All the trainings are conducted at Central Training Institute (CTI) in Bangalore. The duration of DAM training is 2 days and staff training is of 5 days.

19. **Marketing:** The marketing of the milk is undertaken by KMU through the DCS located in each of the taluks. The institutional activities taken up to support the marketing of the produces are educating the farmers about the technologies, training for women, educating the consumers about the technological improvements in the milk production, conducting time-to-time meetings of the agents and propagating and advertising by door-to-door canvassing and distribution of handouts / posters about the clean milk initiatives.
20. **Impact on Beneficiaries (Field Survey Based):** In order to assess the impact of the project on the beneficiaries, a primary field survey was undertaken. For this, a well-designed questionnaire having details regarding sex, caste category, occupation, income etc was canvassed. A total of 85 beneficiaries were interviewed personally in three taluks namely; Sidlagatta, Baghepally and Gudibanda.

**Demographic Profile:** The demographic profile of the interviewed beneficiaries is captured in terms of their sex as well as the caste category. It is observed that about 65 per cent of the beneficiaries are male and about 35 per cent are female. The composition in terms of their caste show that about 36 per cent represent SC category, 26 per cent represent ST category, 23 per cent represent OBC category and about 14 per cent constitute others.

**Socio-economic Profile:** The socio-economic profile of the interviewed beneficiaries is captured in terms of the literacy rate and the occupation of the beneficiaries before including them under the special project. It is observed that about 81 per cent of the beneficiaries interviewed are illiterate. The occupation of the beneficiaries before the start of the project is categorized under agricultural labourers, unemployed, undertaking same occupation and engaged in other activities. It is interesting to note that about 75 per cent of the beneficiaries interviewed were undertaking the same activity of dairying before the start of the project.

**Credit / Bank Loans:** Bank loans under the project are availed by the beneficiaries who have been distributed by the margin money for the purchase of the crossbreed cows. It is observed that about 32 per cent of the interviewed beneficiaries are availing bank loans under the project.

**Infrastructure provided:** The infrastructure under the project is provided in terms of installing bulk milk coolers, AMCUs, community milking machines, supply of SS containers and SS vessels. Apart from this other materials like supply of silage making, haymaking, mineral mixture and animal healthcare facilities are also provided to the beneficiaries. Hence, all the beneficiaries interviewed are provided with one or more types of infrastructure under the project.

**Training provided:** The trainings to the beneficiaries provided under the project are the dairy animal management (DAM) trainings. Of the interviewed beneficiaries it is observed that about 32 per cent of them have been imparted with the DAM trainings under the project.

**Income Generation / Employment:** The milk producers under the project are earning Rs.8.40 per litre and on an average they are producing about 10 litres per day. Hence, the average annual income of the milk producers in the three taluks of Kolar district is about Rs.30000. of the interviewed beneficiaries it was observed that about 55 per cent of them indicated that their monthly income is between Rs.1500 to Rs.2000.

**Beneficiaries Perception:** The beneficiaries are satisfied with the implementation of the project as they feel that with this project they started getting a fixed regular income on the dairy activities at their own villages. With all the different infrastructure setup their milk is not getting spoiled, they are achieving accuracy in the measurement of the milk; they are able to produce more quantity and good quality of milk with the use of clean and safe vessels and containers. The Dairy Animal Management (DAM) trainings are helping them in taking all the safety measures and precautions in the dairy activities for producing good quantity and quality of milk. The animal healthcare facilities under the project is helping them in taking all the care for the health of the animals, which in turn is helping them in longer life of the animals and also good quantity and quality milk production.

21. **Key Issues and Suggestions:** Based on the interactions with the beneficiaries and the officials of the Kolar Milk Union and Zilla Panchayat, Kolar district, the study team has observed some key issues and suggestions that need to be looked into for the effective implementation of the Special Project.

**Progress of the Special Project:** The project is presently in the 2<sup>nd</sup> year of its implementation. As per the project proposal the activities proposed for the first year have been completed. There was a mere delay of about three months for the release of the 1<sup>st</sup> installment of the central share from the Zilla Panchayat to the implementing agency. However, the 1<sup>st</sup> installment of the state release was delayed by more than a year and was released only in March 2005. This led to some inconvenience for the implementing agency in achieving their physical and financial targets of the 1<sup>st</sup> year.

**Selection Criteria of Beneficiaries:** The implementing agency is approaching the GP and based on the recommendation of the Grama Sabhas and the BPL list available with the GP, their project officials are selecting the beneficiaries under the project. However, it was observed by the Zilla Panchayat and also by the study team that the BPL list available was of the year 1998 and further updated list was still not available, hence there found some confusion in the selection process. So the implementation agency is selecting according to the BPL list available, which the Zilla Panchayat feels is not fully applicable as on the present day scenario.

**Present Activity Pursued by Beneficiaries:** The beneficiaries identified under the project getting direct and indirect benefits from the project are belonging to the dairy activity only. But since the quality of the milk produced were not up to the acceptable standards of the KMU, so the farmers were not able to get healthy income in the dairy activity. However, with the implementation of the special project the quality of the milk produced has enhanced thereby yielding to good incomes. Moreover, with the installation of various infrastructure facilities, even the quantity of the milk produced has also increased. Over the last 2 years there has been a drastic increase in the number of farmers engaging in dairy development activities thereby enhancing the quality and quantity of milk produced in the district.

**Income Generation:** The income generation of the beneficiaries by undertaking the dairy activity under the special project can be assessed at three levels. By setting up of the project infrastructure the beneficiaries are indirectly benefited. By installing these facilities in the DCS, the producers are able to produce an average of about 10 litres of milk per day @ Rs.8.40 per litre. This would lead to an income of about Rs.30000 per annum. Apart from the BPL beneficiaries, the other milk producers in the DCS also avail these benefits. By the forage production activities the beneficiaries are supplied with cross breed animals and also silage making, hay making and availability of mini kits. This would in turn reduce the cost incurred under the feed and fodder for the animals. By providing animal healthcare facilities the average milk yielding capacity of the animals have increased. Moreover, there has been a decrease in the diseases to the animals thereby increasing the quality and quantity of the milk produced.

**Trainings:** It was observed that all the beneficiaries were yet to be imparted the trainings on the animal management aspects. It was informed that the trainings would be completed after setting up of the infrastructure and it was noted that the infrastructure was setup very recently.

**Availability of Raw Materials:** As in the dairy activity the animals are the key source for the milk production. Apart from this, availability of good feed and fodder to these animals is also important and undertaking better animal management practices and healthcare measures are also equally important. The beneficiaries are not facing any problem in getting these facilities as all these activities are taken care under the project activities.

**Marketing Facilities:** The Kolar Milk Union (KMU) is the sole agency responsible for the marketing of the milk produced by the milk producers. All the producers bring the milk and sell at the nearest available DCS. From these DCSs the milk is transported to the KMU where it is processed and marketed to different parts of the district, state and also the country. Now, with the availability of good quality of milk, KMU has started making value added products like butter, ghee, cheese, curd etc, which has good demand in the market.

**Credit Mobilization:** Under the project the credit to be mobilized by the implementing agency is about 50 lakhs. The credit is being mobilized under the activity of distribution of the crossbreed animals to the identified beneficiaries.

**Social Mobilization:** Under the project and also as part of the general activities of KMU, awareness and orientation programmes are being conducted on a regular basis in the Gram Panchayats. In these programmes the advantages and the direct and indirect benefits the producers would enjoy by taking up dairy activities are campaigned. After understanding of the benefits of taking up dairy activities there has been a drastic increase in the number of milk producers and also in the average milk produced by each producer.

**Profitability and Replicability:** The project is yielding profits both in direct and indirect ways. The direct profits are by selling of the milk produced to the DCS. Currently, the DCS is purchasing the milk @ Rs.8.40 per litre and each milk producer is producing about 10 litres. Hence the average income of the beneficiary is about Rs.30000 per annum. The indirect profits are that the beneficiaries are getting feed and fodder at subsidized rates, which in turn reduces their expenditure on the feed and fodder for the animals. Moreover, undertaking animal management and healthcare facilities, the life span and milk yielding capacity of the animals is increased, which leads to increasing the profits. It was also

observed by the study team and also informed by the project officials that the project can be replicable elsewhere, wherein there is good scope for the dairy activities.

**Sustainability:** The project would be sustainable after its completion period because the beneficiaries identified under the project have been undertaking this activity since long period but due to their inability to produce quality milk in the past, they were resistant to continue this activity. But with the inputs on quality milk production, they are now confident of continuing this activity with the support of KMU. Moreover, incentives are being given to the beneficiaries and also the DCS staff on production of clean milk, which would encourage them to continue in the dairy activity after the completion of the project period also.

22. **Conclusion:** The study team has found that generally, the beneficiaries identified under this project were very enthusiastic about the project and were optimistic that they would be able to cross the poverty line once the project is fully operationalized. However, in order to achieve the time bound results, the funds should be made available to the implementing agency on time by both the Centre and State governments so that the project is further not delayed on this account. It is time for the implementing agency at this stage to lay special emphasis on establishing proper marketing linkages. This project once successfully implemented would help in development of dairy development in the district and would definitely make a positive impact on the unemployment / under-employment scenario of the district.