

GOVERNMENT OF INDIA  
MINISTRY OF FISHERIES, ANIMAL HUSBANDRY AND DAIRYING  
DEPARTMENT OF ANIMAL HUSBANDRY AND DAIRYING  
LOK SABHA  
UNSTARRED QUESTION NO.2459  
TO BE ANSWERED ON 10<sup>TH</sup> DECEMBER 2024

**CONDITION OF DAIRY FARMERS IN KERALA**

2459. SHRI HIBI EDEN

Will the Minister of FISHERIES, ANIMAL HUSBANDRY AND DAIRYING  
मत्स्यपालन, पशुपालन और डेयरी मंत्री  
be pleased to state:

- (a) the details of steps the Government is taking to ensure that dairy farmers in Kerala receive fair prices for their milk and milk products;
- (b) whether the Government considered introducing subsidies or financial support programs to aid small-scale dairy farmers struggling with economic viability, if so, the details thereof;
- (c) the details of any plans to set up special loan schemes for dairy farmers to help them purchase modern equipment and improve milk production; and
- (d) the details of the Government considering any measures to exempt small-scale dairy farmers in Kerala from paying GST on their milk and milk products, in order to reduce their financial burden ?

**ANSWER**

**THE MINISTER FOR FISHERIES, ANIMAL HUSBANDRY AND DAIRYING**

**(SHRI RAJIV RANJAN SINGH ALIAS LALAN SINGH)**

(a) & (b) Department of Animal Husbandry & Dairying (DAHD), GoI is DAHD is implementing the following Dairy Development schemes across the country including Kerala to complement and supplement the efforts for milk production and milk processing infrastructure made by the State Government:

- (i) National Programme for Dairy Development (NPDD)
- (ii) Supporting Dairy Cooperatives & Farmer Producer Organisations engaged in dairy activities (SDCFPO)
- (iii) Animal Husbandry Infrastructure Development Fund (AHIDF)
- (iv) RashtriyaGokul Mission (RGM)
- (v) National Livestock Mission (NLM)
- (vi) Livestock Health and Disease Control Programme (LHDCP)

These schemes are helping in improving milk productivity of bovines, strengthening of dairy infrastructure, enhancing availability of feed and fodder and providing animal health services.

These interventions help to reduce the cost of milk production and thereby help to stabilize milk prices and also help to enhance income from dairy farming.

Department of Agriculture & Farmers Welfare, Government of India is providing financial support to small-scale dairy farmers by promoting entrepreneurship in the dairying sector through Formation and Promotion of 10,000 FPOs' scheme. Under this scheme Department of Animal husbandry and dairying is forming and promoting 100 Fodder Plus Farmer Producer Organizations (FPOs) through National Dairy Development Board. A total of 100 Fodder Plus FPOs have been allocated across 65 agencies (Cluster Based Business Organisation-(CBBOs) in 19 states. The scheme provisions include financial support of Rs. 25 Lakh per FPO to each CBBO over five years for formation and incubation, and Rs. 18 Lakh per FPO as grants over three years for management support, including salaries, office setup, and expenses.

In Kerala, 9 FPOs have already been registered. These FPOs serve as local business hubs, encouraging small and marginal farmers to engage in commercial fodder production. The initiative seeks to support dairy farmers and fodder growers by providing a stable market for their products, including green fodder, dry fodder, silage, and fodder seeds.

As informed by Government of Kerala, they have introduced various schemes namely Contingency fund, Fodder cultivation, Irrigation Assistance for Fodder cultivation, Mechanisation & Modernisation of Fodder plots, Extreme Poverty Alleviation Programme, 1 cow unit, 2 cow unit and 5 cow unit, Mechanisation and Modernisation of Dairy Farm, Milking Machine Cattle shed Construction to provide financial support to small-scale dairy farmers struggling with economic viability. Kerala Government also gives technical support to dairy farmers through dairy training centers which help them to rear cattle in a scientific manner.

(c ) Department of Animal Husbandry and Dairying, Government of India under the Atma Nirbhar Bharat stimulus package, has approved the continuation of Animal Husbandry Infrastructure Development Fund (AHIDF) as a component under Infrastructure Development Fund (IDF) subsuming Dairy Processing Infrastructure Development Fund (DIDF). The revised outlay of AHIDF is ₹29110.25 crores up to FY 2025-2026 till 31.03.2026. Under the AHIDF scheme, interest subvention at the rate of 3% per annum is being provided to eligible beneficiaries namely individual entrepreneurs, Dairy Cooperatives, Farmers Producers Organizations, private companies, MSME, Section 8 companies and to establish dairy processing and value-added product infrastructure. Three projects has been approved in the State of Kerala wherein the Ernakulam Regional Co-operative Milk Producers' Union has been sanctioned a project to enhance the manufacturing of dairy Products at Edappally, Kochi, Kerala, and establish a 2 MW solar power plant at the Tripunithura Dairy, Ernakulam with project outlay of Rs. 15.50 Crore financed by way of Loan of Rs. 12.20 Crore and End Borrowers Contribution of Rs. 3.05 Crore. Another 2 projects of individual entrepreneurs have been approved with total project cost of Rs 1.96 Cr in which term loan is of Rs 1.52 Cr.

Government of Kerala implementing special loan schemes that support dairy farmers to purchase modern equipment and improve milk production are as follows:

- (i) Project Based Bank Interest Subvention Scheme for Establishing Dairy Farms and Automation/Modernization of Existing Dairy Farms.
- (ii) Scheme component is implemented in bank interest subvention mode for establishing dairy farms, improving existing infrastructure of dairy farm Automation/Mechanization of dairy farm, establishing cattle feed mixing and compounding units, TMR unit silage making units, commercial fodder cultivation establishing for cold chain maintenance, value addition products of milk etc.
- (iii) The beneficiaries shall be individual farmers, entrepreneurs SHG's, JLG's, other registered groups etc. The term of loan availed from the bank for the above purpose shall not be less than five years. The maximum interest subvention amount is Rs 3 lakh per year.
- (iv) all the commercial dairy unit (10 cow units, 20 cow units, heifer park etc.) are implemented as loan linked schemes.

(d) No such proposal has been received from Kerala Government. However, the Government has taken the following steps to provide relief to the Cooperative Societies under Income Tax Act:

- i. A primary cooperative society engaged in supplying of milk to the Federal Cooperative Society is eligible to claim deduction in respect of its entire profit relating to supply of milk to Unions society u/s 80P of the Income Tax Act, 1961.
- ii. The surcharge on co-operative societies has been reduced from 12% to 7% on income of more than ₹1 crore and up to ₹10 crores
- iii. The rate of Alternate Minimum Tax for the cooperative societies have also been reduced from 18.5% to 15% for cooperative societies at par with companies.
- iv. Section 269SS and 269T of the Income Tax Act has been amended to provide that where a deposit is accepted by a Primary Agricultural Credit Society (PACS) or a loan is taken from a PACS by its member in cash, no penal consequence would arise, if the amount of such loan or deposit including their outstanding balance is less than ₹2 lakh.

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