



Financial Performance of Telangana Dairy Development Cooperative Federation: A Study on Nizamabad District

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Abstract

The dairy sector plays a significant role in strengthening rural livelihoods in Telangana. The Telangana State Dairy Development Cooperative Federation (TSDDCF), widely known as Vijaya Dairy, functions as the primary cooperative institution responsible for milk procurement, processing, and marketing in the state. This study examines the financial performance of TSDDCF with special reference to Nizamabad district. Using secondary data obtained from government reports, district records, and published news sources, the research evaluates milk production, procurement patterns, and financial growth of the federation. The findings reveal that although Nizamabad district produces a substantial quantity of milk, cooperative procurement remains relatively low compared with private buyers. The study highlights operational challenges such as fodder shortages, rising feed costs, and limited cooperative infrastructure. It concludes by proposing strategies to strengthen milk collection networks, expand marketing channels, and enhance farmer participation in cooperative dairying.

1. Introduction

Dairy farming has long been an important component of rural economic activity in India. Cooperative institutions have played a crucial role in organizing milk production and ensuring stable income for farmers. In Telangana, the dairy sector is largely supported by the Telangana State Dairy Development Cooperative Federation (TSDDCF), popularly known as Vijaya Dairy.

Following the formation of Telangana in 2014, the state government initiated several programs aimed at revitalizing cooperative dairying and improving the livelihoods of dairy farmers. Financial assistance, infrastructure development, and incentive schemes have been introduced to encourage milk production and procurement through cooperative channels.

Despite these efforts, disparities exist between districts in terms of milk procurement and cooperative participation. Nizamabad district, for example, produces a significant quantity of milk daily, yet only a small portion is collected by the cooperative network. A large share of milk is purchased by private dairy operators, which affects the federation's procurement levels and revenue potential.

Understanding the relationship between district-level milk production and the federation's financial performance is therefore important. This study focuses on examining the dairy profile of Nizamabad district and evaluating its contribution to the overall functioning of TSDDCF.



2. Objectives of the Study

The study is undertaken with the following objectives:

1. To analyze the financial performance and growth trends of the Telangana State Dairy Development Cooperative Federation.
2. To examine the dairy production and procurement pattern in Nizamabad district.
3. To identify major challenges affecting the milk value chain in the district.
4. To suggest measures for strengthening cooperative dairying and improving farmer's income.

3. Review of Literature

Previous research on India's dairy sector indicates that cooperative institutions have significantly contributed to increasing milk production and improving farmers' economic conditions. Studies focusing on southern Indian states reveal that although milk output has increased over the years, the growth rate has recently slowed due to environmental and economic pressures.

Research on Telangana's dairy sector shows that the state has experienced steady growth in milk production since its formation. However, several constraints continue to affect productivity, including shortages of green fodder, rising costs of cattle feed, and limited access to veterinary services. These factors reduce the profitability of dairy farming and influence farmers' willingness to supply milk to cooperatives.

Scholars studying Vijaya Dairy have also highlighted the importance of modernization and marketing innovation. While the cooperative brand enjoys strong public trust due to affordability and reliability, improvements in packaging, product diversification, and digital marketing are considered necessary to remain competitive in an evolving consumer market.

4. Data and Methodology

The present study is based on **secondary data** collected from government publications, district dairy development reports, official websites, and relevant media sources. Information related to milk production, procurement levels, and financial performance of TSDDCF was compiled and analyzed.

Analytical methods used in the study include:

- Comparative analysis of milk production and procurement
- Simple percentage calculations
- Trend analysis of turnover figures
- Descriptive interpretation of available data

Since detailed audited financial statements of the federation are not widely accessible, the study relies on publicly available data and reported estimates to understand financial trends.



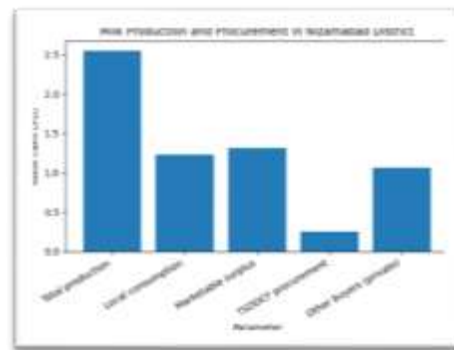
5. Data Analysis and Findings

5.1 Milk Production and Procurement in Nizamabad

Nizamabad district contributes a considerable quantity of milk production in Telangana. The district produces approximately **2.55 lakh litres of milk per day**. Out of this production, around **1.23 lakh litres** are consumed locally within the district. The remaining **1.32 lakh litres** represent the marketable surplus available for commercial sale.

However, the cooperative federation procures only a small portion of this surplus. The Telangana Dairy Federation collects roughly **0.25 lakh litres per day**, while the majority of milk is purchased by private dairies and independent buyers.

Parameter	Value (Lakh LPD)
Total milk production	2.55
Local consumption	1.23
Marketable surplus	1.32
Procurement by TSDDCF	0.25
Procurement by private buyers	1.07



This indicates that cooperative procurement accounts for **less than 10 percent of total milk production in the district**.

Farmers supplying milk to cooperatives receive payments based on quality parameters such as fat content. Prices generally range between **₹27 and ₹56 per litre**, depending on the type of milk. Additionally, the Telangana government provides a **₹4 per litre incentive** to encourage farmers to supply milk to cooperatives.

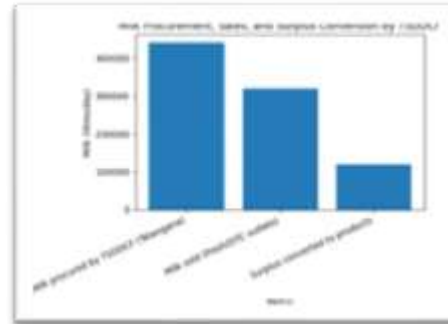
5.2 State-Level Procurement and Sales

At the state level, the Telangana Dairy Federation procures around **4.4 lakh litres of milk per day**. Out of this quantity, approximately **3.2 lakh litres** are sold as liquid milk through retail outlets and distribution networks.

The remaining **1.2 lakh litres** are processed into value-added products such as milk powder, butter, and other dairy products.



Metric	Milk (Litres/Day)
Milk Procured	4,40,000
Milk Sold	3,20,000
Milk Converted to Products	1,20,000

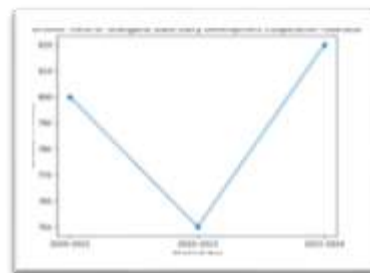


This pattern suggests that a significant portion of procured milk is diverted toward processing rather than direct consumption.

5.3 Financial Trends of Vijaya Dairy

Available reports indicate that the financial performance of the Telangana Dairy Federation has improved in recent years. Around 2021, the federation recorded an estimated **turnover of approximately ₹800 crore**. Subsequent reports suggest that the turnover has continued to grow and has remained close to or slightly above this level.

Financial Year	Approximate Turnover
2020–2021	₹800 crore
2022–2023	₹750 crore
2023–2024	Over ₹800 crore



This improvement reflects the revival of Vijaya Dairy after years of financial difficulties prior to the formation of Telangana state. Government support, infrastructure expansion, and increased procurement have contributed to this recovery.



6. Key Findings

The study highlights several important observations:

1. Although the district produces significant milk quantities, cooperative procurement remains relatively low compared with private buyers.
2. A considerable share of procured milk is converted into processed dairy products, indicating the need for stronger fresh milk marketing networks.
3. Financial assistance, farmer incentives, and infrastructure investments have played a key role in improving the federation's performance.
4. Dairy farmers face challenges such as fodder shortages, rising feed costs, and limited productivity of cattle.

7. Recommendations

1. To strengthen the financial performance of the federation and improve dairy development in Nizamabad district, the following measures are suggested:
2. Establish additional milk collection centers and bulk milk cooling units in rural areas to increase cooperative procurement.
3. Continuation of government incentives and introduction of quality-based payment systems can motivate farmers to supply milk to cooperatives.
4. Expanding retail outlets, milk parlors, and institutional supply networks can increase direct sales of liquid milk.
5. Introducing new dairy products such as flavored milk, yogurt, and value-added dairy items can improve profitability.
6. Programs focusing on fodder cultivation, veterinary services, and cattle health management can improve milk productivity.
7. TSDDCF facing stiff competition with private dairies in procurement and sell of milk so it is recommend to facing with the prices and quality maintain by the private dairies. So that TSDDCF may flourish as a soul seller of milk in the state.

8. Conclusion

The Telangana State Dairy Development Cooperative Federation has shown significant progress in recent years, supported by government initiatives and improved infrastructure. However, district-level disparities remain evident. Nizamabad district, despite having substantial milk production, contributes only a limited share to cooperative procurement.

Strengthening the cooperative network, expanding market opportunities, and addressing production constraints are essential for enhancing the federation's financial sustainability. With coordinated efforts from the government, cooperative institutions, and dairy farmers, the dairy sector in Telangana can continue to grow and provide stable income opportunities for rural households.



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