

MILK COLLECTION ENTERPRISE

Project Start Date:

2007

Project Location:

Chitradurga, India



Manjunatha was worried. The pick-up service that he relied on to bring the milk from his two cows to the chilling station in Chitradurga was no longer available. This meant he would not be able to sell his milk to the Karnataka Cooperative Milk Producers' Federation Limited (KMF), a devastating prospect since he relied on this income to provide for his family. Manjunatha heard that the entrepreneur who visited the 15 villages closest to his village twice daily no longer found it viable to continue with the business. Manjunatha was not alone in his predicament; 225 other households along the 91km long route were also affected.

SETTING WHEELS IN MOTION

Chaitanya Rural Woman & Children Welfare Society (CRWCWS), a NGO in Chitradurga, had been involved in a number of infrastructure and energy interventions in the area when the organization's leaders approached S³IDF for assistance in addressing the milk collection challenge. Together, CRWCWS and S³IDF developed a viable business plan that would create a business to resume milk collection. The plan centered on the purchase of a vehicle and the hiring of local drivers.

With S³IDF's support, 225 households in 15 villages sell milk to the Karnataka Milk Federation

"The new transport was timely..."

- Manjunatha



The vehicle would follow the same schedule for milk collection (once in the morning and once in the evening) but could be rented out during the hours of 11am – 5pm to generate additional revenue for the new business.

To purchase the vehicle, S³IDF provided direct financing for Rs. 5,70,000 in late 2007 and with the financing for the new truck secured, CRWCWS bid for the KMF contract to collect milk and won it for a trial period of 3 months.

MILK MONEY

During project implementation, KMF's paid Rs. 12/liter of milk to the farmers and Rs. 9.5/km for the milk truck. These rates made it possible for the dairy farmers to continue earning income and to provide for the truck's maintenance and operating costs, including the salaries for the driver and his two assistants.