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Scribd impact Factor: 4.7317, Academia Impact Factor: 1.1610

ISSN NO (online) : Application No : 19702 RNI –Application No 2017103794

Dairy Co-operatives – Growth and Development

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Abstract

**INTERNATIONAL JOURNAL OF RESEARCH REVIEW IN
ENGINEERING AND MANAGEMENT (IJRREM)**

Tamilnadu-636121, India

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India has nearly 1/6 of the world cattle population. Dairying serves to be a subsidiary occupation to the millions of the rural people. There is a growing demand for milk and milk products in urban areas. Rural people lacked a system of dairying based on commercial milk production, collection, transportation, processing and marketing of milk. Exploitation by Private traders taking advantage of such situation – Paying low price to the milk producer, indulging in adulteration of milk and charging high price from the urban consumer. In first Dairy cooperative society was registered in 1913 at Allahabad in Uttar Pradesh and was called “Katra Cooperative Dairy Society”, Calcutta Cooperative Milk Union was registered in 1919. The Madras Milk Supply Union was established in 1927. By the end of the 1930s, there were 19 milk supply unions covering 264 Primary societies. During the II-nd World War, the increased demand for milk and milk products from the army and acute shortage of milk in urban areas gave a new push to the organization of many milk cooperative societies. However, most of the societies continued to be consumer oriented. The Kaira District Cooperative Milk Producers Union at Anand (Amul) was formed in 1946 and constituted an important landmark in the development of dairy cooperative movement as this was the first producer oriented dairy cooperative forms in India.

Keywords: Co-operative Marketing - Dairy Co-operatives – Evolution and Growth – Anand Patterns – Marketing of Milk and Milk Products and Administrative setup of Co-operative Dairying in Tamil Nadu.

I - Introduction



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Co-operative Marketing

Co-operative marketing is a co-operative association designed to perform one or more marketing functions, relating to the agricultural produce to its members it is a form of business organisation its principle is co-operation. It gives to its producers the full share of money given by the consumers. Co-operative marketing does the functions of buying and selling of agricultural produce. The selling functions of these co-operative marketing are marketing of produce acting as a selling agent, supplying marketing information, standardization, storage assembly processing, etc.

II - Objectives of Co-operative Marketing

The main objectives of co-operative marketing are as follows:

- To increase the bargaining power
- To eliminate malpractices
- Aiming at replacement of middleman
- Integrated marketing

III- Dairy Co-operatives

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India proposes a large concentration of milch animals. According to the livestock of 1972 India had 178.9 million cattle and 57.9 million buffaloes. This accounts for more than one-sixth of the world's milch animal's population.

Though India has a huge bovine population the per capital possession is one of the poorest in the world. Similarly, the per capita milk consumption is the lowest. The productivity of the milch animals is also poor. This indicates that the dairy industry in India is not placed on a sound footing.

The need for promoting of dairy in India arises due to several considerations such as low per capita availability of milk, prevalence of large scale unemployment and under employment in rural areas. Further dairying can be used as a means of developing mixed farming for full utilization of farm products and farm wastes. It will also help to reduce the milk imports and save valuable foreign exchange. Organizing dairy industry on co-operative dairy industry has been an accepted policy of the government. Therefore, organizing dairy co-operatives is a prerequisite for dairy development in India.

Norman weight in his report on the development of cattle and dairy industry. Stressed that “the producer should be furnished with a powerful bargaining weapon in disposing of his produce and could avoid the heavy toll on his income which is associated with the existence of the numerous intermediaries between producer and consumer”.



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Evolution and Growth of Dairies Co-operation

Co-operation has made great progress in the field of milk production and marketing in Western countries like Denmark, Norway, Holland, Switzerland, USA etc., In India efforts for organizing dairy industry and trade an co-operative lines were made immediately after the enactment the cooperatives studies act 1912. Attempts were made in different parts of the country to organize dairy societies. The Kaira Cooperatives Dairy Limited is probably the oldest existing dairy organization registered under the co-operatives societies' act of 1912. The Calcutta co-operative milk produces union limited was registered in 1919. The Madras milk supply union came into being in 1927-1928. Many societies and union were beginning subsequently. These societies and unions are by and large producer's organizations, owned and controlled by the milk producers.

The working group in dairy and animal husbandry co-operative appointed by the Government of India (1962) stressed the need for organizing the animal husbandry and dairy co-operative in the country. The committee further recommended the adoption of integrated approach for the development of animal husbandry and dairy co-operatives. The report of all Indian Rural Court Review Committee (1969), and the report of the National Commission of Agriculture (1976). Have given account on the development of weaker sections. The national commission on agriculture advocated the adoption of integrated approach to cooperatives development on the model of the co-operative milk union at Anand.



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As a result of the plan efforts the dairy co-operatives in the country have made a spectacular progress.

At the end of the June 1984, there were 39,678 milk producers co-operative with a membership of 35.46 lakh and turnover of Rs.384.05 crore. The level of progress of dairy co-operatives has not been uniform in different states and there has been wide disparity among them. Development is very notable in Gujarat State.

The Anand Pattern

The pattern of milk produces co-operatives the organization structure and the operational system developed by the Katra District Co-operative Milk Producers Union at Anand has come to be known as an “**Anand Pattern**”. The concept of Anand pattern dairy co-operatives could be understood only by a proper understanding of its basic characteristics. It is philosophy and method of organization evolved on the basis of experience.

The Anand Model only one institutional structure has proven effective in getting dairy development done, that is unified organization of producers which is responsible for procuring, processing and marketing of member’s milk owned and controlled by milk producers and therefore, responsive to producer’s needs.

Achievements of Dairy Co-operatives

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Dairy co-operatives account for the major share of processed liquid milk marketed in the country, milk is processed and marketed by 170 milk producers' cooperative unions, operates in over 285 districts, which federate into 15 state cooperative milk marketing federations, and covers nearly 1,01,000 village level societies owned by nearly 11 million farmer members. This commitment has been rewarded with achievements made by cooperative dairies in milk production, per capita availability of milk, foreign exchange savings and increased farmers' incomes through employment generation. At the same time, India's milk production increased from 21.2 million tons in 1968 to 84.6 million tons in 2001-02. Per capita availability of milk presently is 226 grams per day, up from 112 grams in 1968-69. India's 4 per cent annual growth of milk production surpasses the 2 per cent per year. The annual value of India's milk production amounts to about Rs.8580 million. Dairy cooperatives generate employment opportunities for some 11 million – farm families. Ninety – five per cent of dairy equipment is produced in India, saving valuable for foreign exchange and creating employment opportunities. Milk travels as far as 2,200 kilometers to deficit areas, carried by innovative rail and road milk tankers. Saving rate is also increased income. During the last decade, the daily milk supply to each 1,000 urban consumers has increased from 17.5 to 47.3 litres. In 2001-02, average daily cooperative milk marketing stood at 134.23 lakh litres. Annual growth has averaged about 4 per cent compounded over the last five years. From independence until about 1971, dairy production grew at about 0.7 percent a year. Since then, it has grown at more than 4.7 percent a year.

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Probably the most interesting and significant effects of the milk cooperatives in India are social changes that the movement has ushered. Since these cooperatives are governed on a democratic system, it has not only inculcated in the farmers a more democratic approach to life's problems, but also increased their awareness of their rights in society. Milk producers—from a whole cross-section of the rural populace—gather at the milk collection centres every day, thus promoting a new level of interaction and harmony among them. Further, exposures to new technologies that are introduced through the Union have been having an educative effect on the villagers. It is generated more income through increasing employment opportunities to the farming community including women folk. It has created employment for minimum one person in a member family. One of the key reasons very poor women prefer to stay home to look after a cow, rather than go out for wage labor. This allows a child (usually a daughter) to stay home to look after younger siblings. The nutrition level for children has increased. It is observed that minimum one litre milk per a family keeps or consumption.

Advantages of Dairy Co-operatives

- It brings the rural producers and the urban consumers to direct contact eliminating middleman.
- It gives incentives to producers by providing secured market, remunerative price, regular payment and yearly bonus out of profit.

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- It gives scope for functional specialization between primary societies and the federations. The forms concentrating on production and the latter taking care of marketing.
- Payment is made to producers on the basis of quality of milk and this ensures the supply of unadulterated good quality milk.
- All the needs of the producers on the like cattle feeds, storage seeds, veterinary aid are met by the co-operative themselves at the doors of the producers.
- Producers can be educated in the latest knowledge on dairy farming through co-operatives.
- Government aids from other agencies are easily routed through co-operatives.
- Milk producers, as members of co-operatives can get loan from the financial institution easily from the financial institution easily for purchase of milch animals.
- Co-operatives provide scope for leadership development among milk producers and are it's susceptible to government interference.



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Marketing of Milk and Milk Products

The increased milk production and efficient processing will be of no use unless the district co-operative milk production union develops a satisfactory system of marketing. They have to find marketed for all the milk produced by means of creating and stimulating demand for milk and milk products.

Unless we build a consumer demand to keep pace with increased production and collection, we shall be creating chaos. Punjab and Haryana have shown the way of consuming a lot of extra milk they produce through organized milk bars and so on. For developing a stable market for milk and products and National Commission on Agriculture has recommended the constitution of milk grids to effective link the producers and consumers by stages. First they connect different milk shed to supply to major urban areas and in second stage various regions of the country will be linked effectively, by means of national milk grid.

Organizational Setup of Marketing

This section is headed by superintendent (marketing) who is assisted by assistant superintendent under who are distribution assistant who are responsible for the receipt of milk in 2 shifts for distribution. Below there are distribution supervisor who are responsible for booth wise distribution of milk and the booths are managed by the distributors. Among the booth distributions most of them are managed by the distributors. Among the booth distributions most



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of them are union employees and rest are working on a commission basis of 7 paise per litre. There are separate codes like salesman, coffee bar attenders.

Administrative Setup of Co-operative Dairying in Tamil Nadu

Co-operative Dairying in Tamil Nadu has three-tire system

Three tire system

Federation at State level



Union at District level



Societies at Village level

In Tamilnadu, the first milk co-operative society was formed in 1912. In Madras city a milk supply union was started in 1927 at “Ayanavaram” is the name of “The Madras Co-operative Supply Union”. The union had at first 14 societies at 15 individuals as its members. The quantity of milk sold during the first year was 17,408 Madras measure. Since then there has been a steady increase in its business.



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The success achieved by the Madras co-operative milk supply union and its societies encouraged the formation of similar unions and societies in other part of the state.

IV - Conclusions

In Tamil Nadu, the milk co-operative are developed on “Anand Pattern” that is, milk producers societies at village level, milk producers union at district level and federation of milk producers union at the state level. Accordingly “Tamil Nadu Co-operative Milk Producers Federation (TCMPF)” was formed in 1981. It takes care of the centralized dairy activities in Tamil Nadu.

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