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## Dairy Cooperatives and Economic Planning

India is a country of villages. Our farmers have small land holding. Intensive cropping therefore has been the way of farming. Use of production enhancement inputs went on increasing. Thus the input-output ratio started getting imbalanced. The need of cash was more felt to buy inputs. To meet these needs, farmers had to borrow money at a very high rate of interest. Money lenders exploited the farmers who were poor and in debt.

A large number of farmers at Pune and Ahmednagar area in Maharashtra rose in open hostility against money lenders in 1879. Subsequently land improvement Loan Act in 1883 and Agriculture Loans Act in 1884 were passed to advance loans at reasonable rate of interest to the farmers. At this juncture, the Government realised that the cooperative movement could possibly solve the economic problems of farmers. The Government there fore appointed a committee under the chairmanship of Edward Law to make suitable proposals for enacting a separate legislature for cooperative societies. Thus in 1904. The Co-operative Credit Societies Act was enacted. The Act had however following short comings.

- Only credit societies could be registered
- Classification of societies into urban & rural was unscientific
- It was a silent about distribution of profit.

Thus another act, named 'The Cooperative Societies Act' of 1912 was enacted. The Act took care of following institutions like Central Banks, Supervising unions and other non-Credit societies.

In the year 1919, Cooperation became a state subject and fell within the scope of provincial legislature. Each province than started formulating their own Cooperative societies Acts to suit these requirements Bombay state had taken the lead by passing the Bombay Co-operative Society Act in 1925. Such as

- Madras Cooperative Societies Act of 1932

- Bihar and Orisa Cooperative Societies Act of 1935 Bengal Cooperative societies Act of 1940
- Cooperative Societies Act of 1936.

After Independence the Co-operative movement made rapid strides. Government adopted the policy of utilising the cooperative movement for establishing democratic economic order in the country. The government of India appointed a committee in 1956 to review cooperative Acts in different states and prepare a model bill on the basis of this model Bill these are:

- The Mysore Cooperative Societies Act of 1959
- The Jammu & Kashmir Cooperative Societies Act of 1960
- The Maharashtra Cooperative Societies Act of 1960
- The Punjab Cooperative Societies Act of 1961
- The Gujarat Cooperative Societies Act of 1961
- The UP Cooperative Societies Act of 1965
- The Rajasthan Cooperative Societies Act of 1965 The A.P. Cooperative Societies Act of 1964.

#### COOPERATIVE MOVEMENT IN DAIRY INDUSTRY

Before Independence there is no system of organised milk collection and distribution. Which had major effect both on the milk producers as well as milk consumers on November 15<sup>th</sup> 1945.

Aarey milk colony was established by Bombay Government under greater Bombay milk scheme. This is the first scheme in India which benefited partly milk producers and milk consumers. In 1946 the farmers of Kaira district of Gujarat state has realised that they were exploited and had no choice but to sell their product (milk) at throw away to the government approved contractors. The trade was monopolised by contractors operating in district. The farmers approached Vallabhai Patel at his advice, decided to market their milk through the Co-operative Shri Morarji Desai one of the lieutenants of Sardar, moved the farmers to established village co-operatives.

Subsequently at a meeting held at Samarkha village on January 4 1946, it was resolved that the milk cooperatives could be organised. It was also decided that the government should arrange to buy their milk which could be processed at the dairy owned by the union. And in case it was not acceptable to the government the farmers would refuse to sell milk to any agency.

The government turned down this proposals and farmers went on 'Milk Strike' which lasted 15 days. During this fortnight not a single drop of milk reached Bombay from Anand and the greater Bombay milk scheme virtually collapsed. The milk commissioner of Bombay then visited Anand, and after assessing the situation accepted the farmers demand. This marked the beginning of Kaira district milk producers Ltd. union on October 26th 1946. First milk co-operative society formed in Hadgud village and on the same day First milk collection by Kaira district co-operative milk producers union Ltd. was started on 14-12-1946. Amul union was registered on 1-06-1948 milk processing unit was inaugurated at Anand by.

#### MILK COOPERATIVES - ANAND PATTERN

The foundation of Anand pattern of milk cooperatives was laid with the organisation of the Kaira district. Co-operative Milk producer's Union limited at Anand. In this pattern all the functions of dairying - milk production, procurement, processing and marketing are controlled by the milk producers themselves. In addition to this all the facilities related to milk production and procurement are provided at farmers door steps. The 'Anand pattern' in three tier system i.e. village Cooperatives, District Unions and state Federation.

The basic unit in the Anand pattern is the Village milk producers co-operative—a voluntary association of milk producers in a village, who wish to market their milk collectively. All the village milk producers cooperatives in a district are members of their district Co-operative milk producer's union. Every milk producer can become a member of society. At a general meeting of members representatives are elected to form a managing committee. Which manages the day-to-day affairs of milk collection, and its testing for fat content. Sale of cattle feed etc., Each society also provides Artificial Insemination Services and veterinary First-aid.

A key element in the Anand pattern of dairy co-operative is that all registered village milk societies are members of a district co-operative milk producer's union which enable them jointly to own a dairy processing ; factory and a cattle feed plant. In order to become members of the union, a registered society must purchase at least one share of Rs. 100/- and pay Rs. 5/ as entrance fee.

The District Dairy Cooperative unions became members of a cooperative milk marketing federation by Subscribing to it at least Rs. 20,000 each as L share capital. The federation is responsible for evolving and ' implementation of policies on cooperative marketing of all member unions liquid milk and milk products, deciding the product - price mix, ' cooperative provision of joint services and cooperatives ' marketing of technical inputs to members.

#### AIMS, AND FUNCTIONING OF VILLAGE MILK COOPERATIVE SOCIETY

After the complete survey of the village about milk production and related items, the supervisor / officer from the union organises Gramsabha. If the villagers decides to form society, an organiser is selected from amongst them. The organisers is authorised to collect the share money @ Rs. 101 each for share subscription and Rs. 1/- for entrance fee from all the milk producers who are interested in society will be registered with dept. of cooperation. One member will be elected as chairman and he appoints secretary who will look after day to day work.

#### Functions and Activities of the Society

The basic unit of Anand Pattern structure is village milk producers cooperative society. The Functions of a society can be classified in to:

- Managerial
- Operational and
- Input services.

**Managerial:** All the members of the society form the general body of the society which has supreme power, The society has managing committee of 9 members elected from amongst of member producers. The committee employs paid staff to run the day to day affairs of the society and this number of staff depends upon the size of the business. One third members of the committee retire every year by rotation. The rotational retirement helps bringing new faces and continuity in the management The chairman is elected every year in the management committee meeting. The committee decides policy matters and frames guide lines for efficient running of the society. The committee holds its monthly meeting to discuss issues pertaining to society, producers, guidelines provided by the union etc.

**Operational:** *It can be classified into two groups.*

- a) Milk Trading
- b) Marketing of inputs
- a) Milk Trading: This involves the following works
  1. *Reception of milk:* Milk is received from the producers both morning and evening. Sample of milk is collected for testing.
  2. *Testing of milk:* The individual samples are tested for fat and SNF and recorded sample from pooled milk and tested.

3. *Dispatch of milk:* All milk cans are covered tightly by lids. Filled milk cans are loaded on the hired I own truck and empty cans are unloaded for society use for next milk collection.
4. *Payment for the milk:* The price of milk remains uniform throughout the district irrespective of village distance from union head quarters. Both quality and quantity for the basis for the payment. Price chart will be supplied by the union. The society pay the producers morning milk price evening and evening milk price next day morning.
5. *Accounting:* Separate account books are maintained for different transactions and the relevant postings are made on the same day of operation. A person from the same village is appointed as internal auditor to check the account.
6. *Distribution of profits:* The society from its profits distribute bonus to the producers in proportion to the value of milk supplied by g the year.
7. Other duties like sample milk disposal, local sales of milk, standardisation of testing equipment and chemicals etc., will all be undertaken.

#### **Put Services**

1. Providing artificial insemination services
2. Providing veterinary first aid.
3. Society purchase cattle feed from the union and se-Us it to the producers in retail at cost or subsidised.
4. Provides quality fodder seeds to the producers at cost or subsidised.
5. It also distributes news letters. Educational material, meetings organisations, tours to dairy plant, cattle feed plant etc.
6. It will also helps in cattle insurance and some strong societies will give subsidy on insurance of cattle.

#### **STRUCTURE AND ACTIVITIES OF DISTRICT MILK UNION**

Once sizeable number of societies (40 - 50) are organised and registered in a milk shed, the district level milk union can be started. The chairmans of all village milk cooperative societies forms are the members of the district milk producers unions. In order to become members of the union, a registered society must purchase at least one share of Rs. 100/- and 5/- as an entrance fee. They hold the meeting and resolves the formation of District Cooperative milk producers union. The union registered with the cooperative department. They elect the board of directors who will inturn elect chairman. One third

of elected board members retire every year by rotation. Each district union is professionally managed by a managing director who reports to the elected chairman and board of directors. The number of board of directors will be sixteen to seventeen of which\* twelve are democratically elected from amongst the representatives of the village societies. The remaining five comprise managing director as a member secretary, one or two representatives of the financing institutions, a representative of the registrar of cooperative societies and a representative of the Federation. These five numbers are not eligible for contesting to the post of chairman. The general policy for the union is framed by the board. The board employs the managing Director/General manager, but his removal will be done by only general body. The board determines the number, type and scales of the posts and managing director/general manager makes appointment.

### **Functions and Activities of the District Milk Producers Union**

In general union carries five important functions.

1. *Procurement of milk:* Milk will be collected from all the member societies of union by engaging hired vehicle. Different routes are framed to cover the societies so on to enable the milk to reach the union plant within reasonable time.
2. *Processing and marketing of milk and milk products:* The milk is processed and liquid milk is marketed in all demand places within the union milk shed area. Different milk products are produced and kept in sale through own or distributor outlets.
3. *Providing technical inputs:* The union appoints veterinarians who will provide Artificial insemination services, treatment of diseases etc. on free cost or charging subsidised rates. Emergency services will be provided. Liquid nitrogen will be supplied regularly to field AI Centres. Supply of feeds and fodder seeds to village societies on cost or subsidised rates. Establish the dairy and fodder demonstration farms.
4. *Strengthening of milk cooperative movement:* The union will formulate the strategies for strengthening of cooperative, in-dairy industry.
5. *Organisation of extension activities and rural development service:* Under this field visits will be arranged for milk producers to dairy plant, cattle feed plant, semen production stations etc. so that the producers will get some scientific and profitable methods in milk production. Milk yield competition will be organised to build competition among the producers. Screening of different educational films related to dairying will be undertaken.
6. *In addition to the above:* union carries research and other promotional activities for the over all benefit of farmers. The union owns and operates dairy plant, cattle feed plant, fodder and bull mother farms, semen collection station, head quarters centre

for animal husbandry activities. On the net profit earned by the union, 25% is carried 'to its reserve fund and not exceeding 12 % per annum is paid to the member societies as dividend on their paid up share capital and small contribution is made to education fund. Out of the remaining profits upto 80% is paid as bonus to the members in proportion to milk supplied and remaining for charity, cooperative propaganda and other funds.

#### **ROLE OF STATE MILK COOPERATIVE FEDERATIONS**

The district Dairy cooperative unions become members of a cooperative milk marketing federation. Each union should subscribe at least Rs. 20,000/-as share capital. The federation is responsible for evolving and implementation of policies on cooperative marketing of all member unions liquid milk and milk products.

The federation board consists mainly of the elected chairman of all the all the members unions and the federations managing director. Other members are the representative of Registrar, Cooperative societies; a items are representative of financing agency, nominee of NDDDB and one nominee union of the State Government. The members elect a chairman of the board. The board evolves the federation policies on all its functions. Members votes are weighted by the amount of milk procured by each union in the previous year and profit distribution is done him the on the same basis kept in.

The federation board is advised by its managing committee, which is composed of each member union chief executive, the federation chief quality control officer and one or more non voting cooped technical representatives of NDDDB. The federation managing director is the committees chairman. The committee meets once monthly and is also responsible for day to day implementation of the board policies and plans. Out of the total profit earned by the federation 25% goes to reserve fund, not exceeding 12% as dividend, remaining as bonus to member unions and little to education fund and research and development.

#### **RECORDS AND REGISTERS IN A MILK SOCIETY**

##### **Records to be Maintained**

The society will be required to maintain and periodically update a number of records. The records would be in a bend form and initial supply would come from the client organisation. Their subsequent replenishment / replacement is discussed. The records can be classified in the following groups.

##### **a) Organisational records**

##### **i) Membership record**

- ii) Share ledger
- iii) Proceedings
- b) Financial Records
  - i) General Ledger
  - ii) Cash Book
- c) Procurement Records
  - i) Milk Purchase register
  - ii) Milk test record
  - iii) Dairy register
  - iv) Sample milk sales record

#### **Membership record**

1. *Purpose:* To record the membership details of each member of the primary milk producers cooperative society
2. *Originating form:* The secretary of the society
3. *Authorised by:* The Register, cooperative societies or the managing committee of the society.
4. *Distribution:* One copy to be retained at the society.
5. *Frequency of recording and updates:* Initially at the start of the society, subsequently whenever a member joins the society or leaves the society.
6. *Information details*
  - i) Date of joining as member
  - ii) Date of paying in entrance fee
  - iii) Name and Address and member with father's name
  - iv) Age of the member
  - v) Occupation of member
  - vi) Heirs / Nominee's name and address
  - vii) Age and relation of the heir
  - viii) Member's signature or thumb impression.
  - ix) Date of leaving membership.
  - x) Remarks.



**Share Ledger**

1. *Purpose:* To record the details of shares purchased by each member of the primary milk procedure's cooperative society
2. *Originating from:* The secretary of the society
3. *Authorised by:* The Register cooperative department / Managing committee of society.
4. *Distribution:* One copy to be retained at the society
5. *Frequency of Recording:* Each time a share is purchased / returned / transferred by a member. It is recorded on record for each member.
6. *Information details*
  - i) Name of the society
  - ii) Name of the share holder
  - iii) Date of purchase / return / transfer of share
  - iv) Cash book folio no.
  - v) The no. of shares issued to member along with serial number of share certificates.
  - vi) The number of shares returned or transferred by the member along with serial number of share certificates returned transferred.
  - vii) Balance number of shares hold.
  - viii) Balance(Rs) deposited as share money.
  - ix) Amount returned / transferred to member.
  - x) Remarks.
7. *Processing details:* Information recorded here is used in completing individual records.

**Bonus and Dividend Registers**

1. *Purpose:* Detail of business transacted by an individual producer member over period of the one year.
2. *Organisation from:* The secretary of the society.
3. *Authorised by:* The managing Committee of the society
4. *Distribution:* One copy to be retained by the society *Frequency of Recording:*
5. *Frequency of recording:* At the end of every month for one year. One record of each member.

## 6. Information details

- i) Name of producer member and Address
  - ii) Period of accounting - from (date and month) to (date and month)
  - iii) Quantity of milk supplied and its value. The total for the accounting period to recorded here.
  - iv) Rate of bonus declared.
  - v) Bonus payable.
  - vi) No. of shares held by the producer
  - vii) *Dividend payable*: Amount payable is worked out according the number of shares held by the producer.
  - viii) Signature of the secretary.
  - ix) Signature of receiver on receipt of amount.
7. *Processing details*: Bonus amount and dividend amount payable; milk supplied and number of shares held by all members may be totalled while preparing 1 financial statements and the annual report of the working of society.

## Cash Book

1. *Purpose*: To record the daily financial business transactions of the society
2. *Originating from*: The Secretary of the society
3. *Authorised by*: The Registrar cooperative department / Managing committee of the society.
4. *Distribution*: One copy to be retained at society.
5. *Frequency of recording*: Daily
6. *Information details*: This book will have both pages of the register (left and right) for one entry The page on left will have entries for the income (credit side) where all the right side will have the entries for the expenditure (debit side). Every day the first entry on the left side will start with opening balance and will close on the right side with cash in hand. The cash in hand on the close of the particular day should tally with the opening balance of the next day and the total income (total of all credit enters) and total of the expenditures and cash in hand should tally.

For any withdrawal or receipt through cheque the cheque no. and the date is to be entered.

- i) Page no
- ii) Date and month of transaction.
- iii) Ledger folio no. of the head of account.
- iv) Head of account and particulars of transaction.
- v) Receipt no.
- vi) Amount of money spent or received.
- vii) Total

#### COORDINATION WITH OTHER INSTITUTIONS CONCERNED WITH DAIRY DEVELOPMENT

The dairy cooperative societies should have good cooperation with other departments which are fully or partially concerned with dairy development. Any society or organisation cannot provide all the requirement. For some requirement it will be dependant on other organisation. Unless the good coordination is maintained with other organisation it is not possible to get the help. The dairy operative societies should have coordination with the following organisation.

1. *Dept. of animal husbandry:* Local veterinarian who is looking after the veterinary hospital is the key man in the maintenance, of health, reproduction and production aspects of the dairy animals. The local veterinarian will protect the health by doing vaccination, treat to the sick animals, maintains reproductive status, do artificial insemination, pregnancy diagnosis and advises on growing of fodder crops. In each mandal animal husbandry extension officer or mandal veterinarian will take animal husbandry activities in that mandal. He will assist in establishment of dairy farms. Animal husbandry department will provide subsidised fodder seeds.
2. *Commercial, Cooperative bank and cooperative societies:* The finance required for dairying will be provided by various commercial cooperative banks, and village cooperative societies. The milk producers cooperative society should maintain good report with these bank, to get loans for all its members. If the society has any dispute with these banks, getting of loan will become difficult.
3. *District Rural Development Agency:* The dairy societies should maintain good relation with DRDA. DRDA will operate many rural development programmes i.e. Integrated rural development programme. Draught prone area programme. Small farmers development agency, marginal farmers and agricultural labour development agency, etc., which have dairy development activities. If the society maintains good relationships with DRDA, there is every possibility in getting above schemes, which will have even subsidy of 25-50% depending upon the class of beneficiary.

4. *Cooperative registrar office:* All the cooperative societies of any nature should be registered with cooperative registrar office present in the district head quarters. They will check the accounts and misdeeds if happens, regularly. They have to certify that the society is running as per the rules and regulations stipulated. Any misunderstanding with them creates problems.
5. *Revenue Department:* Most of the relief operations, matters dealing with lands, law and order will be normally dealt by revenue dept. Eg: village Asst. Mandal Revenue Officer, Revenue Divisional officer. Joint collector and collector. Most of the schemes beneficiaries will be selected by the revenue department. So coordination with revenue department is a must.
6. *Panchayat Raj System:* Gram panchayat is the most essential part of the panchayat raj system which is the base level of this system. Any dairy society is formed in the village. This society should fulfil and obey the rules and regulations of the Gram panchayat approach roads, drainage, water, electricity and other basic amenities will be provided by Gram panchayat. Sanitary milk collection can be checked by the Gram panchayat. At mandal level mandal development officer, Animal husbandry officer, Mandal cooperative officer are concerned with the dairy societies. So the dairy society should maintain coordination with panchayat raj system.
7. *Voluntary organisation:* In our country numerous voluntary organisations who are working for rural development. The funds for these organisation comes from abroad and partly provided by the central governments. Some of these organisations are taking up animal husbandry activities. These organisations will select the beneficiaries and provide training with experts on their cost and even bear expenses of farmers during training period. They will establish community fodder crops, for which initial expenses will be borne by them.

#### INSURANCE OF DAIRY ANIMAL

Insurance is a contract by two parties, where by the insurer under takes in consideration of certain periodical fixed amount called premium to indemnify the other called insured against a certain amount of risk or loss to life or property insured. Cattle insurance has gained importance in recent years. The country is heading for white revolution with introduction of massive cross breeding programme to increase the productivity of the animals. The financial institutions are pressing for security for loans for the purchase of animals, the land less labourer does not possess the necessary property to offer as security. The insurance of animals which are hypothecated to the financial institution is the only security, which encourages live stock loan's.

In spite of its importance in national economy, cattle insurance has not, gained momentum in the country. The various causes for this are

- Enormous Cattle, population in India
- Cattle ownership is widely dispersed among millions of farmers.
- Low productivity of animals
- Acute shortage of feeds and fodders
- Lack of effective disease control

However increase, of cross breeding, scientific farming and dairy farming, and demand created by lending policy of financial agencies, cattle insurance has popularised. The following four subsidiaries of General, insurance corporation are providing cattle insurance.

- National Insurance Company
- New India assurance Company
- Oriented Insurance Company
- United India Insurance Company
- The premium for cattle insurance is 4% of the cost of animal insured.

#### ***Types of cattle covered***

1. Milch Cows and Buffaloes
2. Calve/heifers
3. Stud Bulls
4. Bullocks and castrated male buffaloes.

*Scope of cover:* Policy provides indemnity in the event of death of insured cattle due to:

1. Accident (Inclusive of fire, lightning, flood, cyclone, famine)
2. Surgical operations.
3. Strike, Riot, Civil commotion.
4. Diseases, contracting or occurring during the period of policy, and shall be subject to exclusion as under:
  - 1) Theft and clandestine sale
  - 2) Partial disability
  - 3) Wax, inclusion

#### ***Age group covered***

1. Milch cows 2 years (or age at 1" calving)
2. Milch buffaloes 3 years to 12 years.

3. Stud bulls 2 years to 8 years.
4. Bullocks 2 years to 8 years.
5. Indegeners Cross bred / Exotic female calves heifers from 4 months upto the date of 1<sup>st</sup> calving.

#### *Premium rate*

1. Cattle owned by individuals / institutions / Bank financed
2. Bullocks and male buffaloes
3. For all dairies operating under NDDB all over India

#### *For extra covers and premium*

1. Relaxation of maximum age limit for  

|                              |                                    |
|------------------------------|------------------------------------|
| Milch cattle and small bulls | By one year 0.5%<br>Extra premium  |
|                              | By 2 years 1.00%<br>Extra premium. |
2. Permanent total disability cover 1%.  
 Under IRDP: Premium 2.25%

*Claims:* After the death of animal, the insured has to furnish duly, completed claim form and certificate of death given by qualified veterinarian for animals covered under market agreement scheme. In case of IRDP project cattle, claimant has to furnish information in the following forms:

- i) Duly completed claim form.
- ii) Certificate of death given jointly by any two of the following:
  1. Sarpanch of Village.
  2. President or any other officer of co-operative credit society.
  3. Official of milk collection centre.
  4. Supervisor / inspector of Central co-operative, bank.
- iii) Post mortem report if conducted.

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