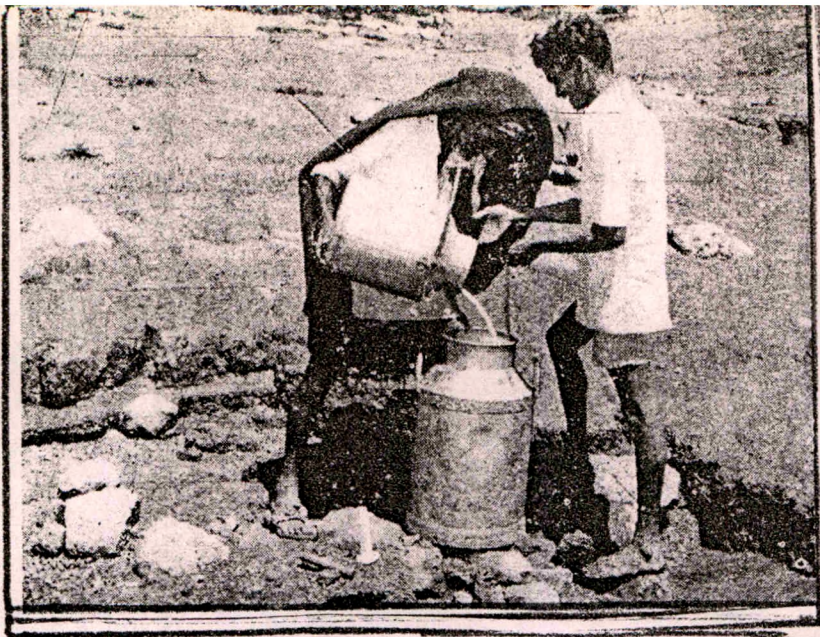


CHAPTER-III

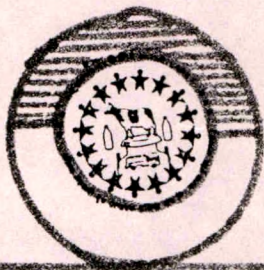
HISTORICAL BACKGROUND AND FUNCTIONING OF KOYANA SAHAKARI
DUDHA UTPADAK PRAKRIYA SANGH LTD., KARAD.

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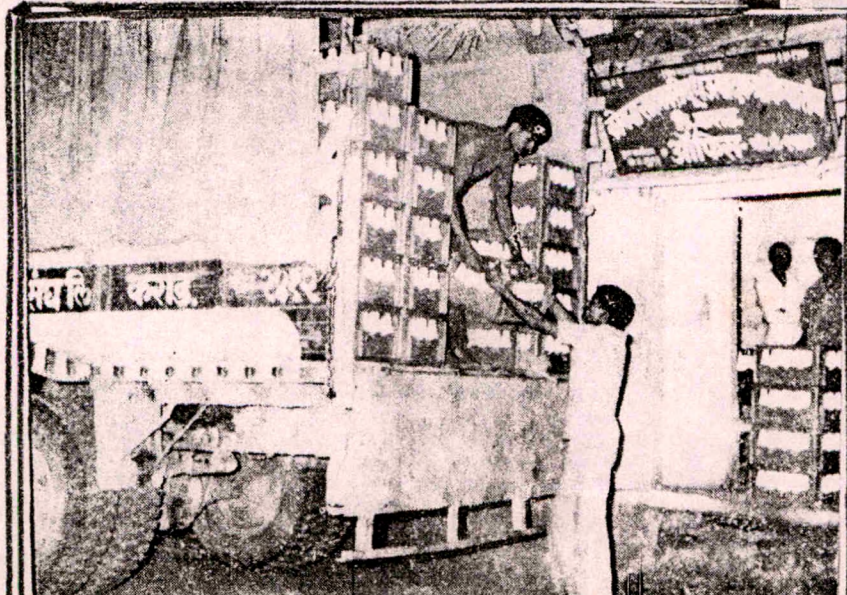
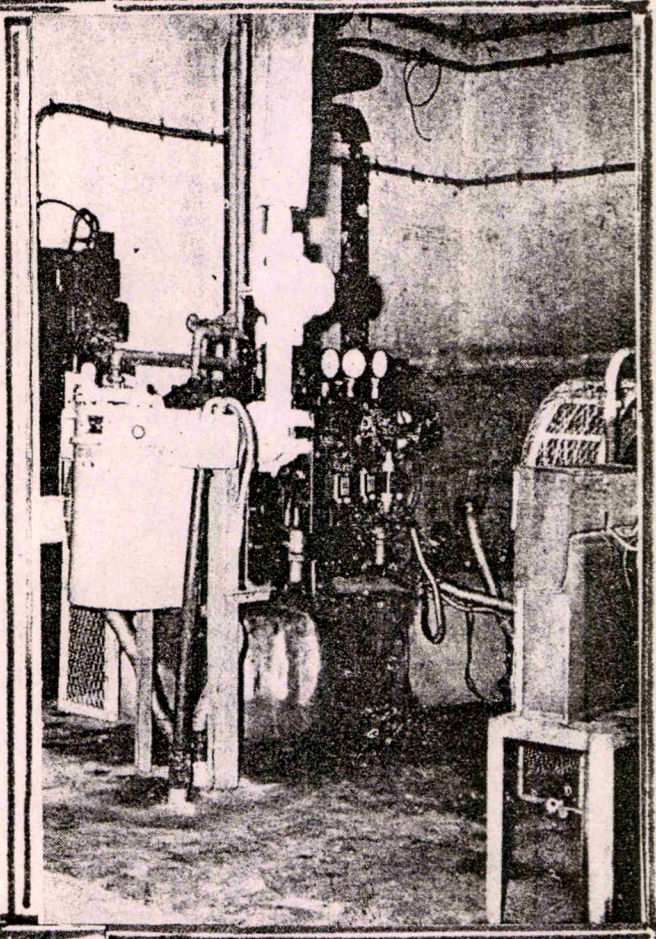
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Collection of Milk.



PROCESSES



Supply to Consumers

CHAPTER-III

HISTORICAL BACKGROUND AND FUNCTIONING OF KSDUPS LTD., KARAD

3.1 Introduction

In this chapter an attempt has been made to study the historical background and functioning of the KSDUPS Ltd., Karad, in brief.

Karad and Patan are the two talukas of Satara District comprising eleven talukas. As elsewhere in India these two talukas are also engaged in agriculture and subsidiary products like poultry, milk etc. However, with fluctuating rainfall and other physical and geographical conditions the guaranteed source of income to the farmers was also flexible. With a view to providing some subsidiary occupation to the farmers the local leadership of the late R.D. Patil introduced the concept of co-operative dairy farming and his colleagues like Shri P.D. Patil, Abasaheb Parlekar, Bhagawantrao Shete, Bhikunana Salunkhe and Baburao Kale are accelerating the process in these two talukas.

This revolutionary thought was speeded up and began to start working on 1st October 1957. In the first two years the primary statutory and allied provisions were carried out and the emphasis was especially given on the registration of membership of the local needy and deserving milk producers.

In the very first year the number of milk producing members was 136 of which 5 belonged to primary Dudh Cooperative Societies, 67 to other co-operative societies and the remaining 64 were individual persons. This is how the tempo of registration of members speeded up and is rising every year. This is the landmark in the cooperative Dairy Farming in Maharashtra.

Then the trade and commerce associated with the milk and allied products concentrated in the hands of local merchants who used to exploit the local poor milk producers. In other words it was the monopoly. As a result of this the local leadership like the late R.D. Patil and others felt a need to develop such co-operative dairy farming and attracted more and more milk producers by giving adequate price to the products. In the initial stage this Sangh started collecting milk from the producers at the rate of 40 paise per seer and was sold to the local consumers of the Karad town at the rate of 50 paise per seer (Seer or sher was then the unit of measuring liquid).

This view brought a good result which benefitted milk producers as well as the consumers. Both i.e., seller and buyers were economically satisfied and hence attracted to the cooperative dairy on a large scale. Thus the roots of the Sangh began to go deeper and deeper and became strong which invariably created the confidence among the members of this Sangh as well as consumers and attracted and gave stimulation to more and

more milk producers to produce more and more milk.

As is obvious in rural masses in India, this Sangh also had to face hardships at many levels in initial stages, since the local population was illiterate and was under the influence of superstitions and traditional social customs. There was inadequate response from the milk producers. Selling milk is like a committing sin was the notion of the time which put hindrance in the economic development of the producers as well as the Sangh itself. Therefore, the Sangh had no other alternative but to fight and take steps against these evil customs and traditions by organising Gramsabhas, delivering talks and eradicating ignorance ^{of} all levels in the masses, which, of course, was tough job and was carried out gradually and successfully by the then local leaders under the then able and matured Chief Minister of Maharashtra, the late Y.B. Chavan.

The hardship faced by the leaders, received its fruits and the Sangh was inaugurated ^{by} the auspicious hands of the Chief Minister the late Y.B. Chavan on 25th July 1959. The first working day of the Sangh was celebrated by collecting 8 seer milk from various adjoining villages like Vathar, Abaichiwadi, Kopardhaveli, Chachegaon etc. and was supplied to the consumers of Karad town.

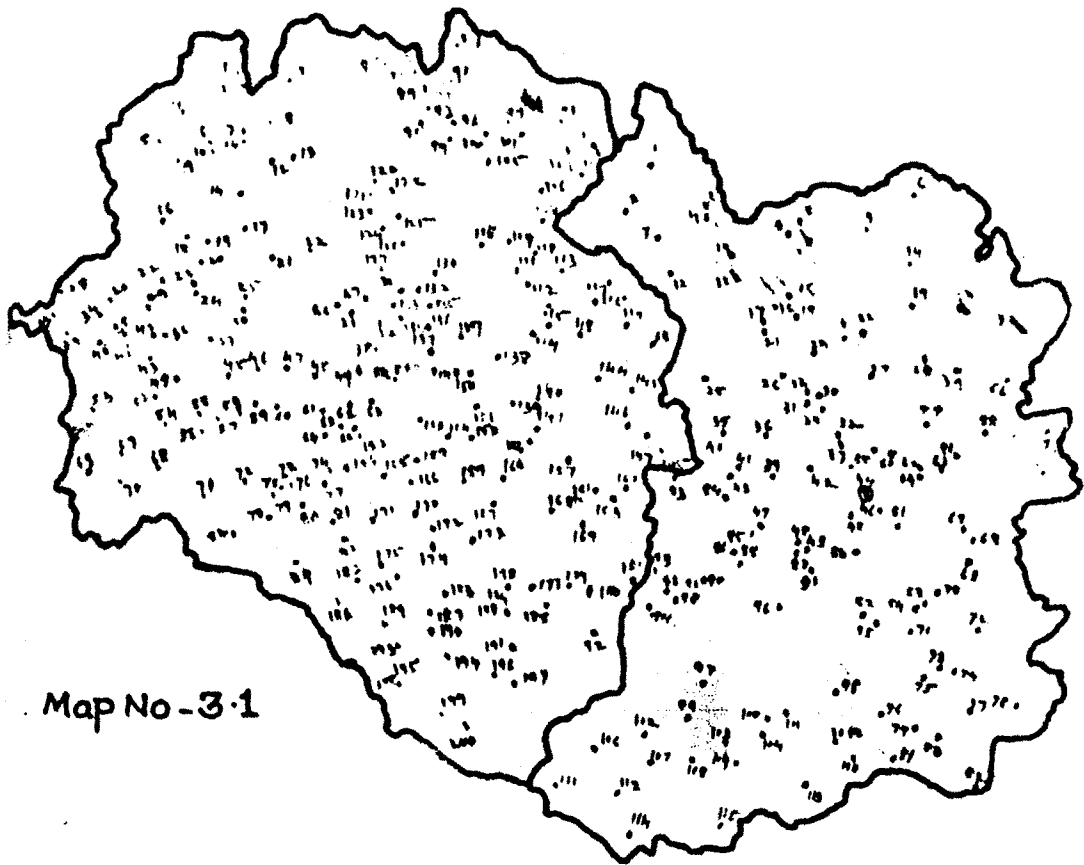
3.2 Objectives of the Sangh

With the natural growth of population the need of milk is also constantly increasing. Therefore, farmers may be given an opportunity to economic development of their own. It was predicted that milk producing would be a constant subsidiary source of income to the farmers and secondly the various provisions and concessions given by government from time to time to the farmers should be reached to them which will positively contribute to the upliftment of the farmers of various economic levels.

3.3 Operational Area of the Sangh

This Sangh is the first co-operative dairy Sangh in Maharashtra and the biggest in the district of Satara. The Sangh operates in the two talukas of Satara district mainly Karad and Patan, which comprises 207 villages. Direct milk collection is carried out in 192 villages. There are 255 primary Dairy Cooperative Societies, of which eleven are recently formed and their practical functioning is yet to be started.*

* Annual Report of the Sangh, 1985.



Map No - 3.1

Operational Area of the Sangh



3.4 Members of the Sangh

Any co-operative society basically depends upon the registration of its members and their cooperation in day-to-day working, and hence members are said to be corner-stones of an institution. In order to study the growth of the Sangh one needs to take into consideration the number of registered members right from the year of establishment which is given in Table No. 3.1.

Table No. 3.1

Members of 'KSDUPS' Ltd.

Year	P.D.	Other C.S.	Indivi- duals	Govt.	Total	Provisional
1	2	3	4	5	6	7
1957-59	05	67	64	-	136	-
1974	54	130	1,711	01	1,896	2,230
1975	80	150	1,810	01	2,041	2,810
1976	84	156	1,812	01	2,053	2,895
1977	90	158	1,811	01	2,060	2,928
1978	95	159	1,813	01	2,068	2,991
1979	100	160	1,811	01	2,072	3,001
1980	110	161	1,814	01	2,086	3,075
1981	115	161	1,815	01	2,092	3,176
1982	136	161	1,814	01	2,112	3,345
1983	168	161	1,813	01	2,143	3,740

contd.

Table No. 3.1 contd.

1	2	3	4	5	6	7
1984	183	161	1,811	01	2,156	3,970
1985	193	162	1,811	01	2,167	4,250

P.D.C.S. = Primary Dairy Cooperative Society

Other C.S. = Other Cooperative Societies

Source: Annual reports of the Sangh (1975-85)

It appears from the Table No. 3.1 that in the year 1957-59 the number of registered members was merely 136. This number reached to 1,896 in the year 1974. This study is restricted to the period of one decade i.e., from 1974 to 1985. The year 1975 indicates the number of registered members which is 2,041 and as late as 1985 reveals the number of members was 2,167. This shows that the number of members increased only by 127. Simultaneously the number of provisional members increased from 2,810 to 4,250. It clearly shows that within one decade (1975-85) membership was increased by only 0.62 per cent. Moreover, within the same period provisional membership was increased by only 5.12 per cent. Open membership is one of the important characteristics of cooperative society. But here the Sangh became failure to carry this characteristic.

3.5 Board of Directors of the Sangh

The Board of Directors plays an important role in the overall functioning of the Sangh. The Board of Directors comprises various members and nominees elected as well as nominated and co-opted. At present there are 19 Directors of which 11 belong to primary Dairy Cooperative Societies. One other cooperative society and one each from individual members, loan sanctioning Bank expert in Dairy Industry, Deputy Registrar of Cooperatives, members of staff, Regional Dairy Development Officer and the District Veterinary Officer.

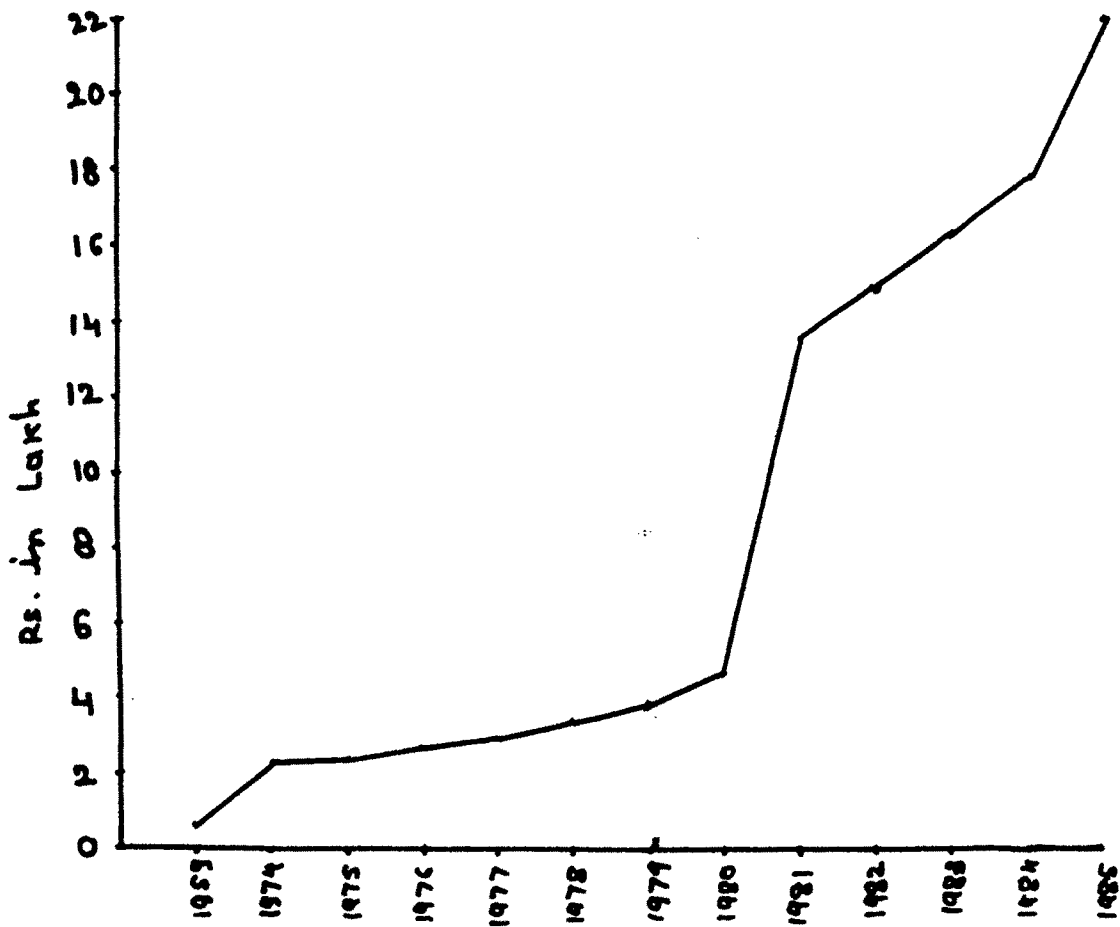
3.6 Share Capital of the Sangh

Merely number of members is not enough for the progressive working of any cooperative institution which is also to be supported by share capital; on the contrary the success of any institution is equally dependent upon the share capital. In the initial stage the share capital of the Sangh was Rs. 5,370/-. In the year 1974 the amount of share capital was increased to Rs. 2,18,465/-. The share capital increased in this very particular study of decade i.e., from 1975 to 1985 is shown in the following Graph No. 3.1.

Graph No. 3.1

<u>Year</u>	<u>Share capital</u> <u>(in Rs.)</u>
1957-59	5,370
1974	2,18,465
1975	2,31,335
1976	2,49,055
1977	2,84,910
1978	3,29,140
1979	3,82,320
1980	4,59,100
1981	13,50,450
1982	14,80,990
1983	16,22,760
1984	17,70,440
1985	21,87,050

SHARE CAPITAL OF THE SANGH.



Graph - (Fig. 3.1)

This graph explains the progress in the share capital of the Sangh. The Sangh has contributed the amount of Rs. 19,55,715/- in the decade. This means an addition of Rs. 1,95,571.50/- is made per year on an average. This is certainly a significant advancement.

Value of each share?

3.7 Reserve and Other Funds of the Sangh

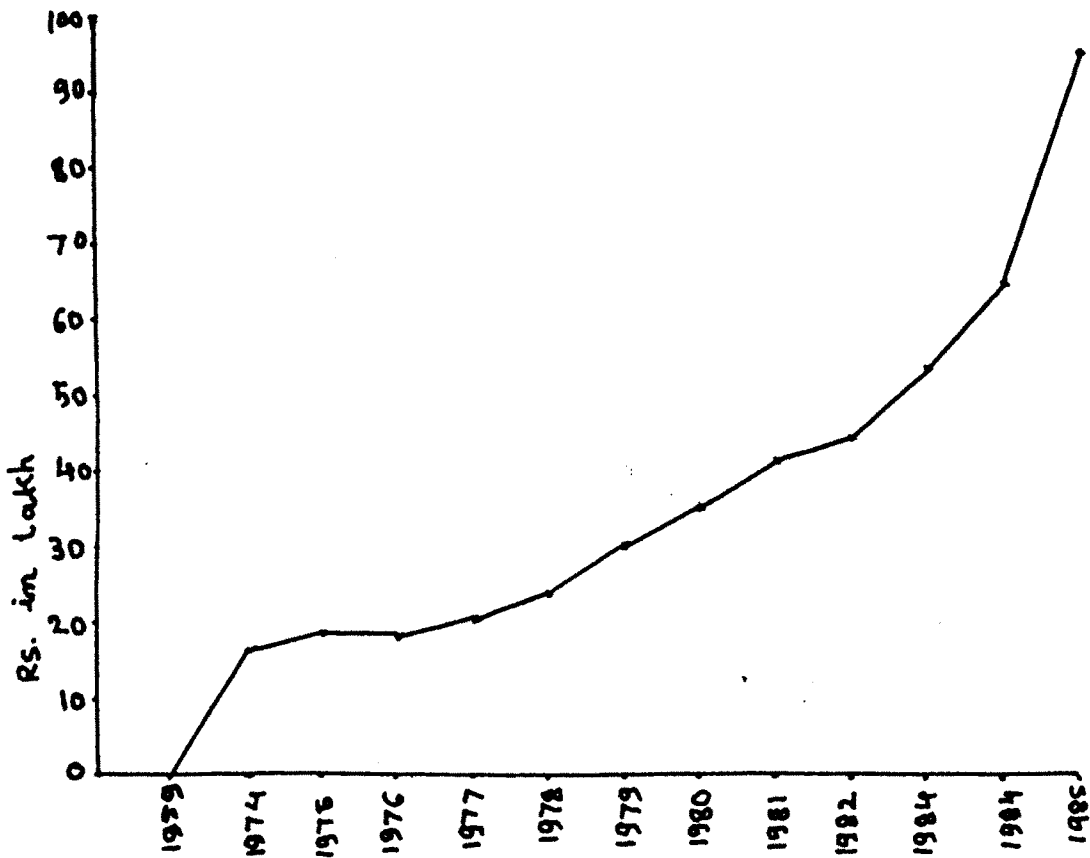
The Sangh has constantly tried to keep its reserve and other funds as per statutory provisions. The Graph No. 3.2 explains the same.

What are they?

Graph No. 3.2

<u>Year</u>	<u>Reserve & other funds (in Rs.)</u>
1957-59	161
1974	17,55,230
1975	18,72,730
1976	18,37,905
1977	20,82,175
1978	23,86,450
1979	30,25,462
1980	35,41,620
1981	41,47,175
1982	44,67,900
1983	53,68,400
1984	64,32,246
1985	94,71,178

RESERVE & OTHER FUNDS OF THE SANGH.



Graph _ (Fig. 3-2)

At the beginning stage of the Sangh (1958-59) reserve and other funds amounted to Rs. 161 only. But it increased upto Rs. 18,72,730 at the end of the year 1975. At the end of the year 1985, reserve and other funds stood at Rs. 94,71,178. It means that within one decade (1975-85) it increased by 4.94 per cent.

3.8 External Loans of the Sangh

Mere share capital is not enough for the overall development of the Sangh and hence Sangh was bound to get some loan from other sources for the expansion activities like purchase of cans vehicles or tankers, buildings, machinery and so on. This Sangh made efforts to get loans from the Department of Cooperatives and from Dairy Development Board. In the period 1975 to 1985 this Sangh got loans of Rs. 14,98,450/- and successfully refunded the same well in time. This indicates the efficient and significant working of the Sangh. At the same time the Sangh exploited all the facilities which were available to it and extended by the Government from time to time in the form of grants and subsidies. The Sangh also appealed to its member societies for deposits and the Sangh could collect the deposits of Rs. 4,64,310.55 from its member societies. In order to study the economic structure or the development of the Sangh, one has to look into the collection of milk and its distribution, sale etc. Because the core of the Sangh lies in this very objective.

3.9 Purchase of Machinery, Vehicles etc. of the Sangh

For the better functioning of any institute it requires to be independent in all respects which leads to perfect and independent smooth functioning of an institution. This Sangh has invested good amount of money in the required machinery for processing of milk, vehicles and buildings of its own. This investment is shown in the following Table No. 3.2.

Table No. 3.2

Machinery, trucks and buildings.

Year	Investment in machinery & trucks	Investment on buildings
1957-59	14,695	-
1975	16,54,225	5,22,765
1976	19,68,895	7,11,165
1977	19,93,745	7,11,165
1978	24,77,443	7,11,165
1979	37,17,850	5,22,765
1980	44,82,750	5,22,765
1981	49,00,975	5,22,765
1982	51,05,785	7,39,075
1983	62,85,500	13,30,000
1984	68,12,626	17,43,429
1985	1,17,51,528	19,34,257

Sources: Annual reports of the Sangh (1975-85).

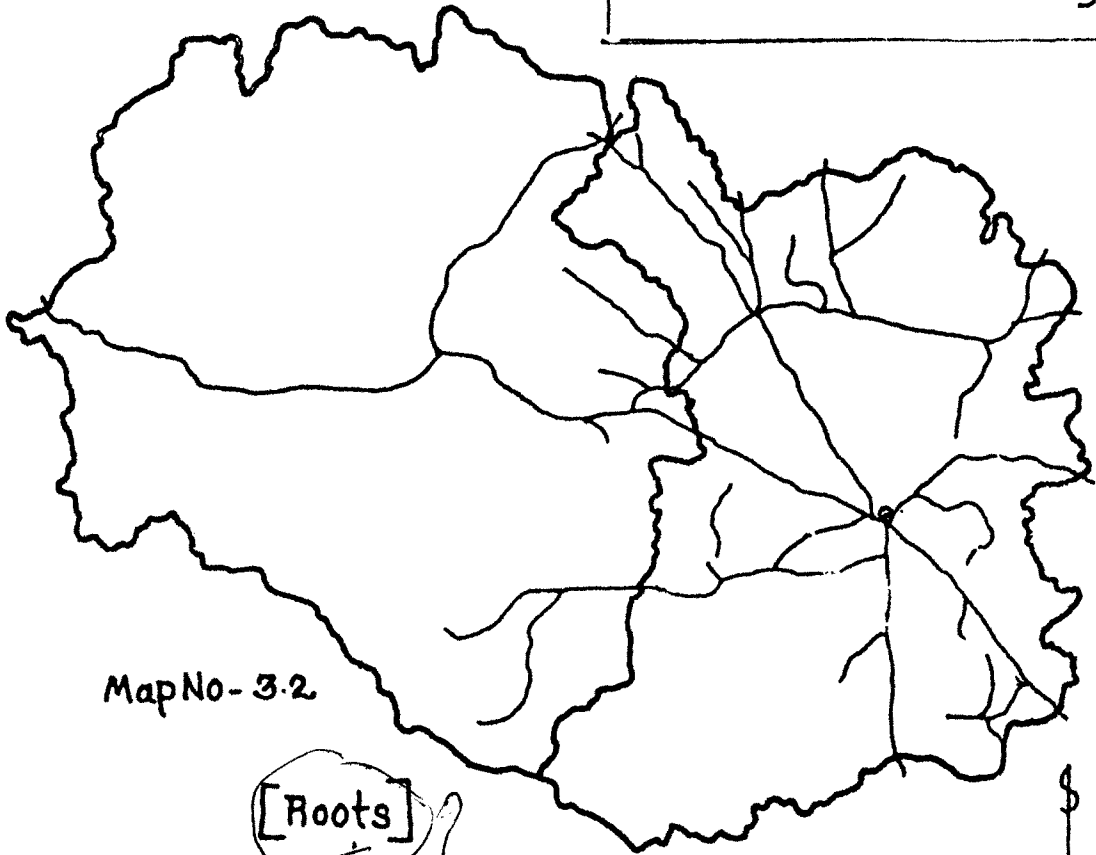
It is clear from the table that the Sangh has started investing heavily on the purchase of transport vehicles and other activities like construction of administrative building, pick-up shed, residential quarters for its staff etc. The total investment of the Sangh in machinery, trucks and building as on 1985 amounted to Rs. 1,36,85,785, which amounted to Rs. 21,76,290 as on 1975. It means that within the period of study (1975-85) investment of the Sangh in machinery, trucks and building increased by 52.88 per cent.

3.10 Collection of Milk of the Sangh

Right from the beginning of the working of the Sangh, the neatly worked out net was formed to collect milk from the adjoining villages. Since milking of the cows and buffaloes takes place in the morning and evening, naturally the Sangh had to collect milk in the morning and in the evenings. It is necessary to understand hence that milk is perishable commodity. Therefore, milk is required to be collected as per time schedule in order to maintain its purity and quality. The Sangh has made provisions of vehicles to reach at the doors of member societies. In order to provide better services to the milk producers and member societies however there are some villages which are located in the extreme interior and in inaccessible areas where vehicles of the Sangh cannot reach. In such cases the member societies

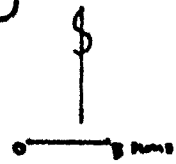
are requested to bring their milk cans on the way of vehicle so that the vehicle could pick-up the cans. For the convenience of societies the Sangh has provided cans so that they could collect milk in a proper way. The Graph No. 3.3 on the next page shows the milk collection right from the beginning till the year 1985.

MILK Collection of the Sangh



MapNo-3.2

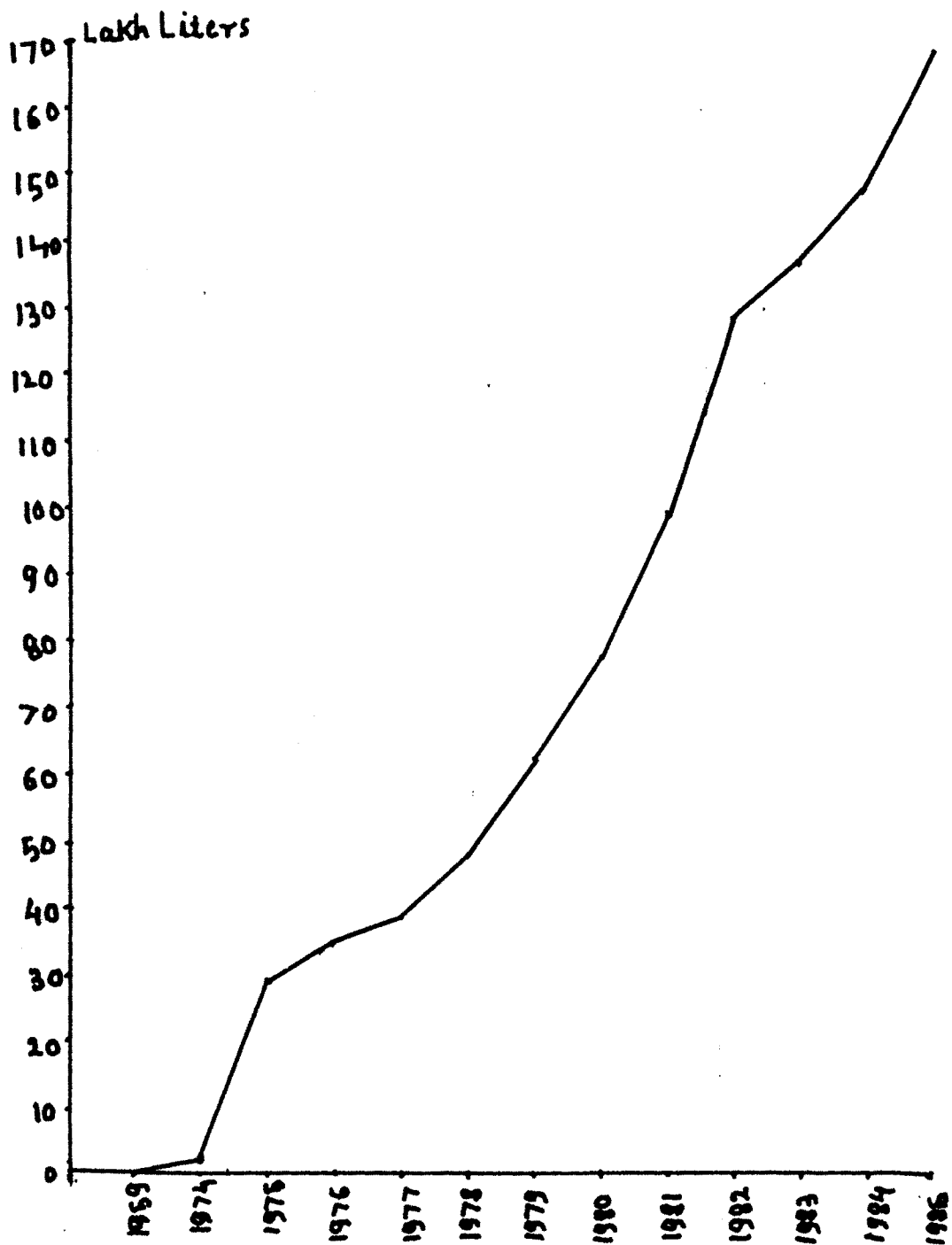
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Graph No. 3.3

<u>Year</u>	<u>Milk collection</u> (in litres)
1957-59	84,172
1974	2,61,124
1975	29,66,929
1976	34,68,363
1977	38,36,355
1978	48,19,885
1979	61,91,807
1980	76,87,744
1981	98,39,085
1982	1,28,13,782
1983	1,36,92,705
1984	1,46,68,613
1985	1,67,96,733

COLLECTION OF MILK OF THE SANGH.



Graph - (Fig- 3.3).

As per the Graph it is seen that every year there is a steady increase in the milk collection. In the year 1984-85 this Sangh collected 1,67,96,733 litres of milk. This is 22 per cent of the total milk production of Satara district which has been maintained steadily.

3.11 Rate of Milk of the Sangh

Since the erection of dairy an attempt has been made with a view to providing as subsidiary occupation to the farmers and substantial income it is clear understanding that the rate of milk to be given to the producers should be quite attractive. Government has laid down guidelines in this behalf and this Sangh has been following the same. Early in the beginning the government offered the rate of 40 paise per seer. Then afterwards as per government guidelines the Sangh purchased milk at the specified rates* in flush and lean season¹. Of course the rates given to the owners of buffaloes and cows are different. As far as sale of milk is concerned the Sangh has been selling milk at the rate of Rs. 4.50 per litre in flush season and Rs. 5.00 per litre in lean season.

3.12 Sale of Milk of the Sangh

After having collected milk the same is brought to the

* Flush season - Buffaloes - 3.69 cows - 3.00
Lean season - Buffaloes - 4.18 cows - 3.40

1. Flush season - Sept. to February.
Lean season - March to August.

Sangh and is processed and then it is ready for sale in the market. As far as sale of milk is concerned the Sangh is working at two levels. Sangh is selling its milk through its 20 booths in Karad. Recently the Sangh has introduced 4 centres in Karad where 24 hours milk service is made available to its customers.

Apart from this sale the Sangh supplies milk to the government and daily service of milk tanker from Karad to Bombay is effectively carried out. Table No. 3.3 shows the yearwise local as well as government sale. This table shows the constant growth of sale at both the levels.

Table No. 3.3

Sale of the milk of the Sangh. *lit. in lbs.*

Year 1	Local sale 2	Supply to Govt.? 3	Total sale 4
1957-59	56,283	-	56,283
1975	7,76,195	20,68,376	28,44,571
1976	7,09,422	26,13,630	33,23,052
1977	6,87,648	30,84,210	37,71,858
1978	9,49,366	38,04,602	47,53,968
1979	8,86,870	52,00,265	60,87,869
1980	8,57,105	67,30,764	75,87,869
1981	9,63,326	86,86,340	96,50,166
1982	9,69,805	1,116,16,230	1,25,86,035

contd.

1	2	3	4
1983	15,84,300	1,20,19,070	1,36,03,370
1984	18,61,033	1,27,25,824	1,45,86,857
1985	35,89,890	1,31,45,908	1,67,35,798

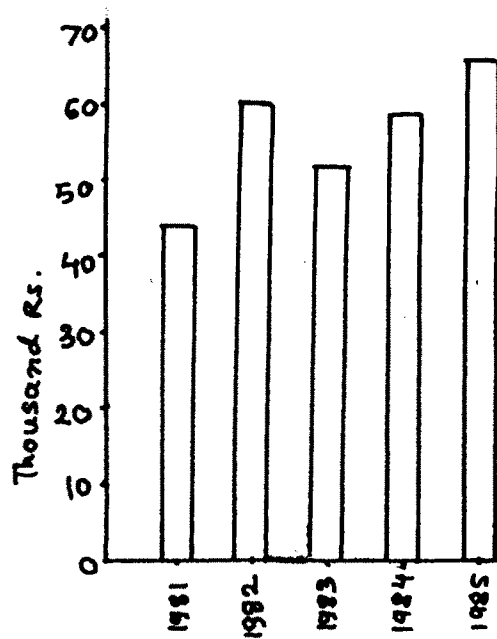
Source: Annual reports of the Sangh (1975-85)

The above Table No. 3.3 shows that total sale of milk of the Sangh was increased within the period of study (1975-85) by 1,38,91,227 ltrs. Thus the total sale of milk was increased by 48.83 per cent. Moreover, it is also clear that local sale of milk of the Sangh was increased by 36.24 per cent and there is remarkable increase in supply of milk to government within one decade (1975-85) i.e., 53.55 per cent.

3.13 Profit of the Sangh

This Sangh being a cooperative Sangh, profit motive is not the ultimate aim but to provide subsidiary occupation to the farmers and to make available milk to its customers at reasonable rates. However the transport of milk, processing and other expenses to be made on administration etc. are to be borne by the Sangh. So it is natural that the Sangh needs a little profit. In the initial stage the Sangh did face loss but slowly and gradually year by year the Sangh started gaining profit. Graph No. 3.4 on the next page shows the profits.

PROFIT OF THE SANGH.



Graph - (Fig-3.4)

Graph No. 3.4

<u>Year</u>	<u>Profit (in Rs.)</u>
1981	43,981.25
1982	60,379.00
1983	52,029.98
1984	59,147.24
1985	65,518.43

As mentioned in Graph No. 3.4 (please see the next page) making profit is not the prime objective of the Sangh and hence fluctuations in profit are seen in the graph. After the year 1983 the profit has been increased and was Rs. 65,518.43 at the end of the year 1985. It means that within five years (1981-85) profits of the Sangh increased by 9.79 per cent.

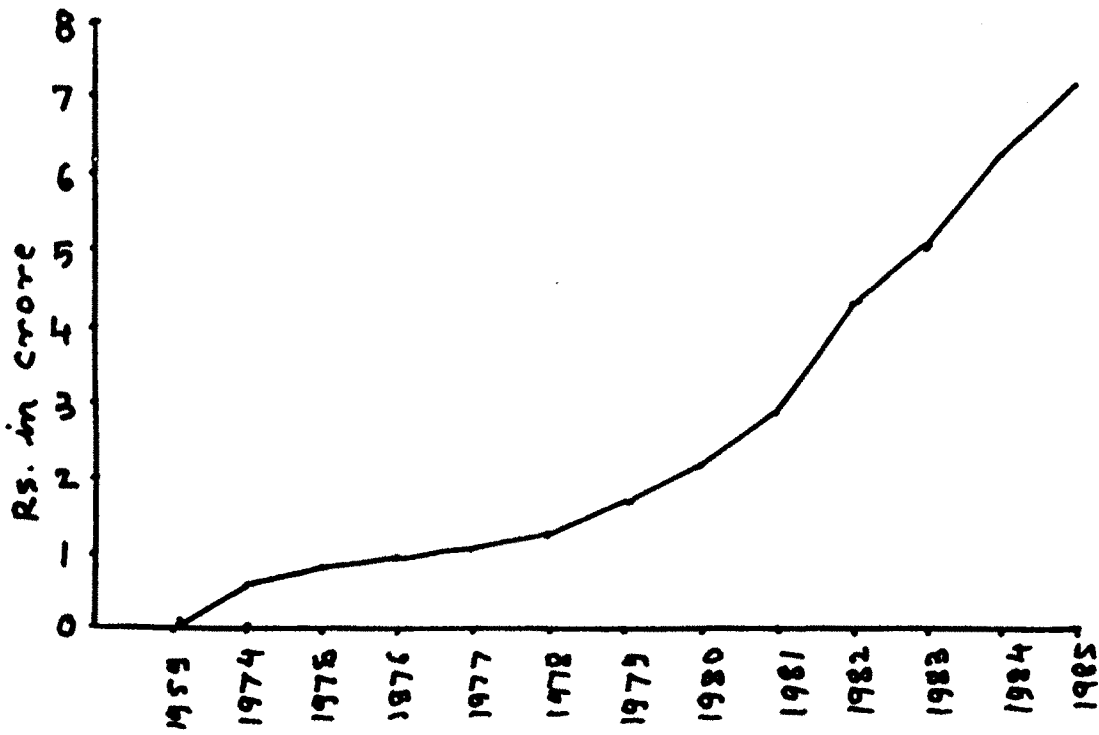
3.14 Turnover of the Sangh

Turnover is the reflection of the working of any industry. The Graph No. 3.5 on the next page shows the turnover.

Graph No. 3.5

<u>Year</u>	<u>Turnover</u> (in Rs.)
1957-59	53,259
1974	58,65,557
1975	80,30,055
1976	89,96,350
1977	1,02,74,180
1978	1,26,83,675
1979	1,66,48,275
1980	2,17,12,039
1981	2,89,68,870
1982	4,25,66,100
1983	5,00,59,800
1984	6,22,48,829
1985	7,08,46,224

TURNOVER OF THE SANGH .



Graph - (Fig-3.5)

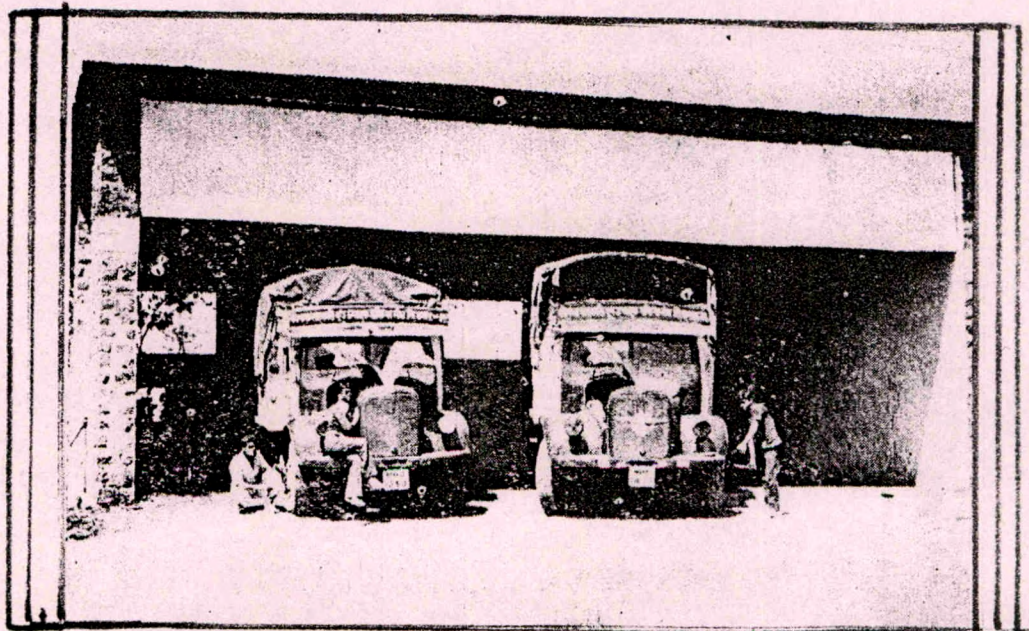
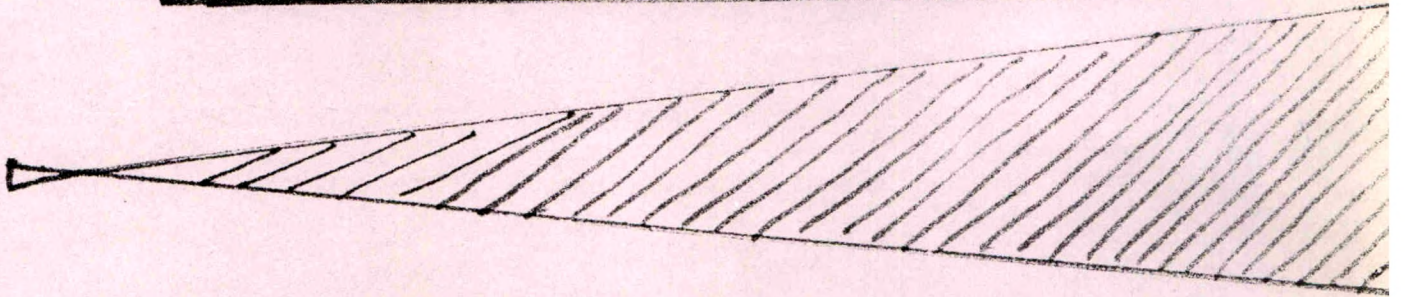
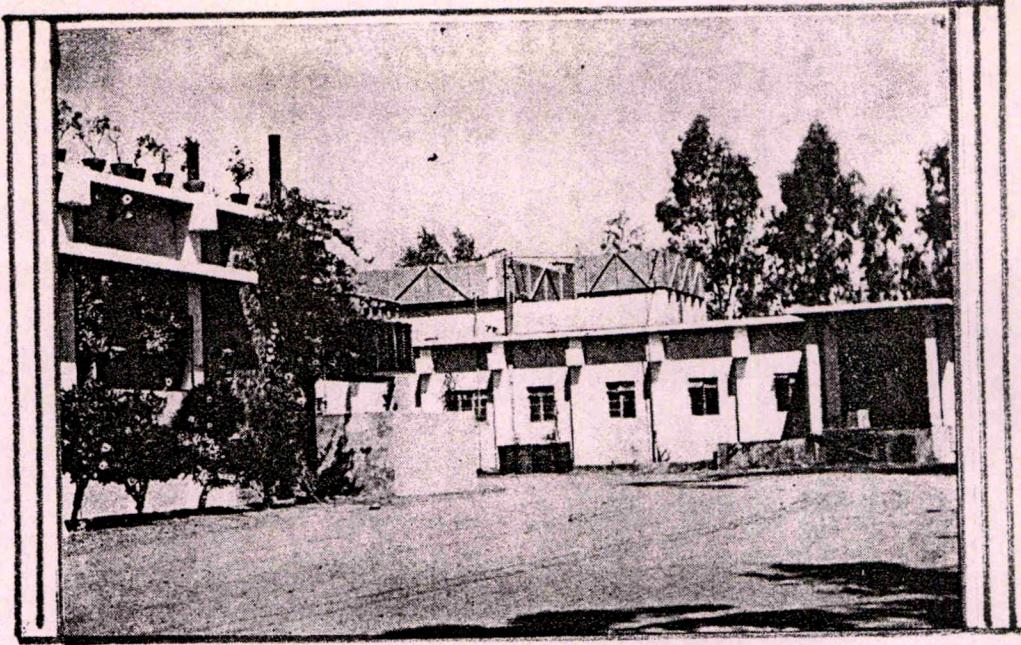
The foregoing graph No. 3.5 shows that turnover of the Sangh at the beginning stage amounted to Rs. 53,259 which increased upto Rs. 80,30,055 at the end of the year 1975. There is remarkable progress in total turnover of the Sangh within the period of study (1975-85) i.e., 78.22 per cent. Within the last year of the period of study (1984-85) the turnover was increased by 13.81 per cent. The above statement shows that the Sangh is now going rightly on the top.

3.15 Other Activities of the Sangh

Apart from the developments mentioned earlier this Sangh purchased a land at Khodashi on the Pune-Bangalore National Highway No. 4. A petrol pump was erected in the year 1974. A trained veterinary officer was appointed to look after the cattle in the Operational area. In this period the Sangh motivated a few landless labourers by offering them buffaloes and cows. This Sangh also took interest in granting loans to the small holders for the purchase of buffaloes. Similarly the ice factory was introduced which proved to be useful to the Sangh. This was followed by the production of "Koyana Cattle Feed".

A workshop was arranged for the benefit of milk producers for refreshing their animals. This was followed by "Sadhan Pashu Sudhar Prakalp" in the year 1973-74. After 1979 the Sangh started purchasing of cows' milk and in recent years the Sangh

ICE FACTORY.



WORK SHOP.

has started secondary milk products, like flavoured milk, butter, Ghee etc.

Now this Sangh has introduced "Anand Pattern" for the collection of milk.

3.16 Employment Potential and Economic Benefits to Weaker Section of the Rural Society

The employment potentiality in Koyana Milk Sangh is as under.

Table No. 3.4

Labour force of Sangh

Sr. No.	Employment avenues	No. of employees.
1	Head office	48
2	Transport Section	118
3	Petrol and Diesel pump	04
4	Ice-factory	04
5	Dairy Section	110
In all total		284

Source: Pay sheet of the Sangh for June 1985.

The Sangh has not merely acted as source of employment but it also extended the following facilities for the employees e.g., distribution of mopeds, vehicles, issuing of dresses,

residential quarters, bonus etc.

Primary Societies Working Under Koyana Sangh

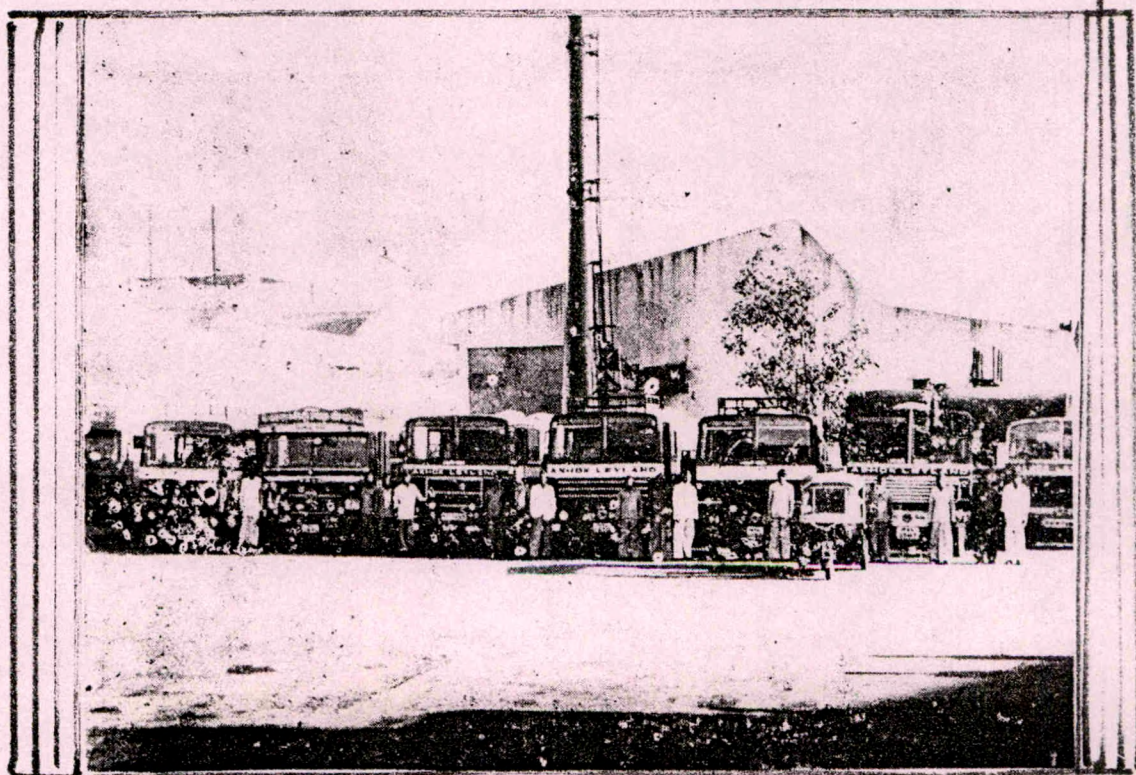
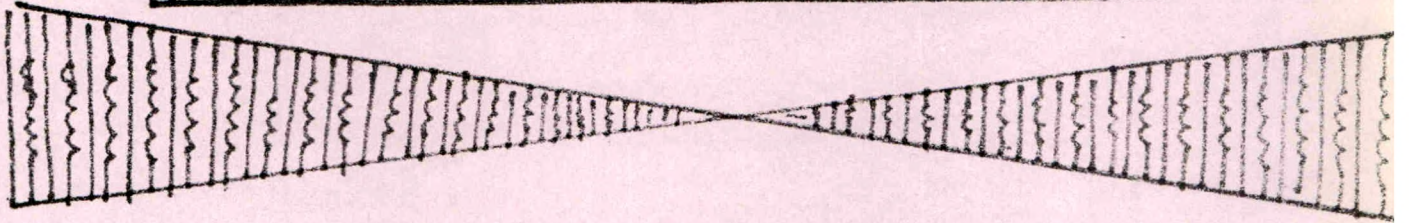
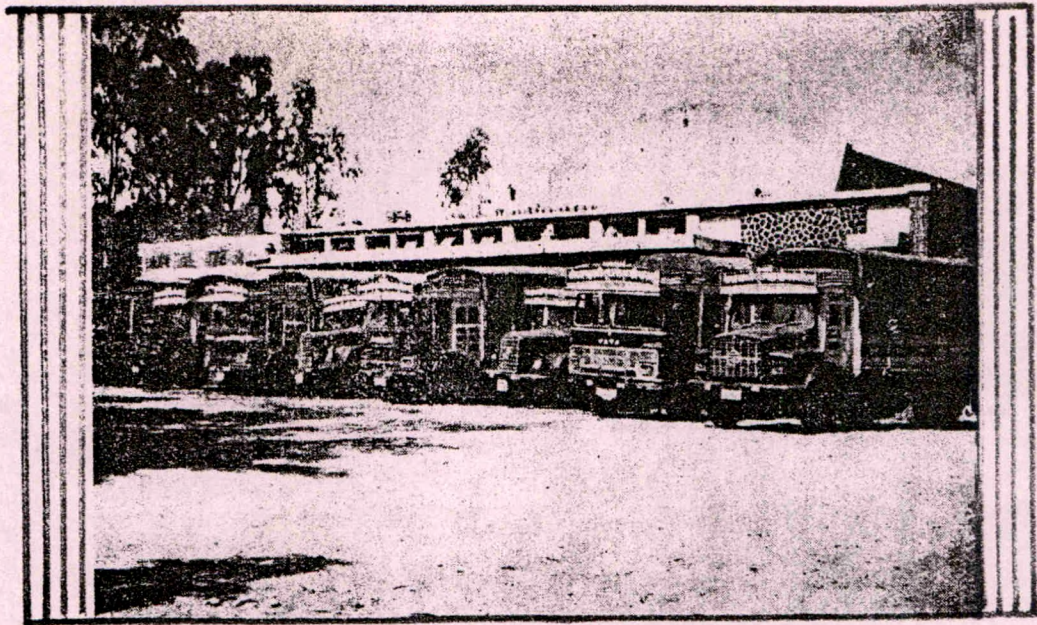
In Karad and Patan talukas there are 255 primary dairy cooperatives working under the Sangh.

In every primary society there are on an average four workers engaged in milk collecting activities in forms of Secretary, milk preserver, fatman etc.

The employees engaged in primary cooperative dairy societies are not fully employed but partially. The number of workers engaged in primary cooperatives is nearabout 1,020.

Today the Sangh is supplying unadulterated and pasturised milk to the people in Karad town and cities like Pune and Bombay.

Milk Collection from operational Area.



Supply to the Bombay.