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CHAPTER-II

A BRIEF REVIEW OF THE CO-OPERATIVE DAIRY INDUSTRY  
IN MAHARASHTRA & SANGLI DISTRICT

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## C H A P T E R - II

### A BRIEF REVIEW OF THE CO-OPERATIVE DAIRY INDUSTRY

#### IN MAHARASHTRA & SANGLI DISTRICT

#### : SECTION - I :

##### 2.1 INTRODUCTION:

Encouragement to dairy development was emphasised by the Government of Maharashtra as a major strategy for agricultural development and for upliftment of the rural poor in the State. Maharashtra's economy is predominantly agricultural and nearly 65 % of the population depends upon agriculture as a source of living. Of the total cultivatable land 13 to 14 % is roughly under irrigation and future studies indicate that this percentage can be raised to the maximum of 25 to 26 % only. Against this background the significance of dairy industry was realised by the State Government and this activity was encouraged mainly to provide a subsidiary occupation to farmers and to improve their income generation and at the same time to provide adequate supply of whole milk to consumers in urban areas. The number of small and marginal farmers in Maharashtra is large and the problem of droughts in most parts of Maharashtra is recurrent. Therefore various schemes have been introduced by the State Government to encourage farmers to undertake milk production, establish co-operative milk societies at village and district level and make efforts to increase supply of milk and by-products to urban areas so that milk producing farmers get better prices for their milk.

The Government of Maharashtra adopted policies to develop the dairy industry in the State mainly to:-

- 1] provide an assured and remunerative market to the milk producers;
- 2] provide an incentive and infrastructure to increase the milk production in the rural areas;
- 3] form the primary milk producers co-operative societies at the village level and their unions at taluka and district levels;
- 4] improve standards of dairy farming and productivity by popularising improved programmes of feeding and management of animal breeding, veterinary services, feed staff supplies and related extension services.

In order to achieve these aims and for the development of dairy industry, the Government of Maharashtra, made adequate financial provision in its Five Year Plans for dairy development as shown in the Table No.2.1

TABLE NO.2.1

FINANCIAL PROVISION FOR DAIRY DEVELOPMENT IN THE  
FIVE YEAR PLANS BY THE GOVERNMENT OF MAHARASHTRA

Sr. No.	Plan Period	Provision (Rs.in lakh)	Actual Expenditure (Rs.in lakh)
1	2	3	4
1)	Second Plan (1956-57 to 1960-61)	174.82	173.50
2)	Third Plan (1961-62 to 1965-66)	196.61	279.26
3)	Yearly Plan (1966-67)	153.63	157.99
	(1967-68)	112.47	155.84
	(1968-69)	130.92	91.60
4)	Fourth Plan (1969-70 to 1973-74)	683.00	290.00
5)	Fifth Plan (1974-75 to 1978-79)	653.00	902.00
6)	Yearly Plan (1979-80)	240.00	282.00
7)	Sixth Plan (1980-81 to 1984-85)	1832.00	2100.00
8)	Seventh Plan (1985-86 to 1990-91)	4300.00	NA

Source: i) Maharashtra Manas, 10 Dec.1984,p.8.

ii) Annual Plan, 1987-88,Maharashtra State,  
 Part-I, Government of Maharashtra, Planning  
 Department.

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The above table indicates that the provision for the dairy development programme has been increased with the resultant effect of increasing the expenditure also except during the Fourth Five Year Plan period. In the Sixth Five Year Plan, the expenditure has increased substantially

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reflecting the importance and concern of the Government of Maharashtra with respect to the dairy development. As a result of this expenditure the milk production in Maharashtra i.e. procurement of milk and production of milk by-products, has increased. The procurement of milk produced by farmers in Maharashtra is undertaken by the co-operative district dairies as well as the Government Milk Schemes. The development of co-operative dairies in Maharashtra was undertaken by the State Milk Federation in association with the I.D.A. and N.D.D.B. under Operation Flood Programme.

The State of Maharashtra is in the forefront of the growth and diversification of co-operatives in India. The co-operative movement in the State with adequate State Government financial aid has a diversified growth which has had an impact on the life of not only the rural population but also the urban population. In the early phase of the co-operative movement, Western Maharashtra, was well-known for the growth of co-operative sugar factories. However in the later years of growth, Co-operative Spinning Mills, Urban Co-operative Banking Societies, Co-operative Marketing Societies and Milk Co-operatives also developed in Maharashtra. The growth of Co-operative Milk Societies is a later development in the field of co-operation in Maharashtra. The co-operative milk societies' origin and growth caters mainly for the upliftment of marginal and small farmers, and the



main aim of growth of milk co-operatives is to generate additional income for the farmers who are not assured of a steady income because their agriculture is dependent on rainfall. The establishment of milk co-operatives in rural Maharashtra was relatively easy because rural Maharashtra had already witnessed the growth of co-operatives and the local co-operative leaders with the view to diversify their economic and political base took interest in the development of milk co-operatives.

The most important feature of the growth of co-operative milk societies in Maharashtra is that the milk collected and processed at the village and district level is mainly transported to the urban centre of Bombay. In 1984-85 the milk co-operatives in Maharashtra marketed nearly 10.74 lakh litres of milk per day in Bombay region and this supply increased to nearly 11.80 lakh litres per day in the year 1986-87.<sup>1</sup> In Maharashtra, of the total milk production, a growing proportion of milk is of cow milk and in 1975-76 of the total milk purchased by various Government Milk Schemes, 71 % milk was buffalo-milk but by the year 1986-87 the percentage share of cow milk in total milk purchased by the various Government Milk Schemes increased to 75 percent.

To increase and spread the development of milk co-operatives Government of India along with the Indian Dairy Board and the N.D.D.B. launched the " Operation Flood Programme Phase-I and Phase-II". In Operation Flood Phase-Ist, the main emphasis

was to increase the supply of milk to urban metropolitan centres and in Maharashtra the programme aimed to increase milk supply to Bombay city. Operation Flood Phase IIInd programme had a different objective. In this programme district-wise development of the co-operative milk structure was emphasised and in Maharashtra the 'District Dairy Co-Operatives' were established to (a) procure milk in the district from the primary milk co-operatives; and (b) process the milk and undertake production of by-products also. In this way this programme wanted to develop a 'National Milk Grid Structure' in the country. In Maharashtra; Western Maharashtra, Marathwada and a few districts of Vidarbha developed milk co-operatives under this programme.

Milk production in Maharashtra in 1986-87 was estimated to be 63.5 lakh litres per day out of which the Government Milk Scheme procured nearly 22 lakh litres per day that is 35 % of total milk production. The sale value of milk and milk products in Maharashtra increased from Rs.8 lakhs in 1961 to Rs.9.04 crores in 1971, Rs.88.31 crores in 1981 and to Rs.300.84 crores by 1990. Thus the milk production as well as the dairy industry in Maharashtra is encouraged by the Government, as a result of which Maharashtra is a surplus State as far as milk production is concerned.

TABLE NO.2.2  
SELECTED DISTRICTS' DAILY MILK PROCUREMENT

(In litres)

Sr. District No.	1975-76	1980-81	1981-82	1984-85	1986-87
1	2	3	4	5	6
1) Nasik	25,205	54,981	28,321	46,116	39,659
2) Dhule	1,54,044	1,26,452	1,16,770	1,53,321	1,07,219
3) Jalgaon	64,736	1,03,779	1,11,110	1,73,693	1,58,947
4) Nagar	17,454	75,723	85,543	2,34,121	3,61,358
5) Pune	52,653	1,04,715	1,01,693	1,96,000	3,28,125
6) Satara	6,734	48,279	78,769	1,63,445	1,84,022
7) Sangli	89,760	1,18,238	1,51,766	1,34,740	1,56,369
8) Kolhapur	46,252	1,78,462	1,64,969	1,42,584	1,12,999
9) Solapur	28,147	48,672	39,627	76,384	94,405
10) Beed	-	22,011	16,995	42,962	50,154

Source: Daily Loksatta, Supplement on Co-operative Dairy Societies, 19th Dec.1991, p.1.

Table No.2.2 gives us details of the district-wise daily milk procurement. From the Table No.2.2 it is found that the daily milk procurement in Sangli District increased from 0.89 lakh litres in 1975-76 to 1.52 lakh litres in 1981-82 and in 1986-87 it went up further to 1.56 lakh litres. The number of co-operative milk societies increased from 404 in the year

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1982-83 to 616 in 1985-86 and in 1990-91 the number of societies increased to 751,<sup>2</sup> a percentage increase of 85.89 percent in 1990-91 over the year 1982-83.

Increase in milk production by farmers has resulted in the growth of:-

- a] primary co-operative milk societies at the village level,
- b] growth of taluka milk federations and District Co-operative Federations, and;
- c] growth and expansion of the number of Government Milk Schemes.

Table No.2.3 gives us the details of the collection and distribution of milk by Government and Co-operative Dairies in Maharashtra for the year 1990-91.

TABLE NO.2.3

COLLECTION AND DISTRIBUTION OF MILK BY DAIRIES IN  
GOVERNMENT & CO-OPERATIVE SECTORS 1990-91

(In lakh litres)

Sr.No.	Division	Daily Average Collection of Cow & Buffalo milk
1)	Bombay	0.23
2)	Pune	12.47
3)	Nasik	7.20
4)	Nagpur	1.10
5)	Amaravati	0.46
6)	Aurangabad	2.32
Total		23.78

Daily distribution of milk (average):

- a) Greater Bombay Milk Scheme 6.70 lakh litres.
- b) Local Sale of milk 8.23 lakh litres.
- c) Distribution of Mahananda Dairy 3.70 lakh litres.

Source: Hand Book of Basic Statistics of Maharashtra State, 1991, p.64.

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2) Ibid., p.1.

The Table No.2.3 shows that the daily average collection for the year 1990-91 was 23.78 lakh litres of which the dairies in Pune division collected nearly 12.47 lakh litres of milk per day and next in importance were the dairies in Nasik division which collected nearly 7.20 lakh litres of milk per day in 1990-91. Of this milk collected the daily average distribution of milk by greater Bombay milk scheme was 6.70 lakh litres per day which comes to 28.17 % of the total milk collection. Local sale of milk was 8.23 lakh litres per day which as a percentage of total milk collected was 32.62 %.

In Maharashtra the number of co-operative dairy societies and Dairy Unions shows a increasing trend. This becomes clear from the Table No.2.4.

From the Table No.2.4 it is clear that the number of Unions in year 1961 was 19 which increased to 69 in 1990, a growth of more than three times over the year 1961. In the year 1961 the number of Dairy Societies in Maharashtra was 431 which increased to 13,330 in the year 1990, indicating a growth of more than thirty-times over the year 1961. The number of society members of Dairy Unions was 2,000 in the year 1961 which increased to 15,000, a growth of seven and half times over the year 1961. The number of members of dairy societies was 15,500 in the year 1961 which increased to 11,95,300, a growth of more than 77 times over the year 1961.

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TABLE NO.2.4

## DAIRY UNIONS/DAIRY SOCIETIES IN MAHARASHTRA

(Rs. in lakhs)

Sr. No.	Items	1961	1971	1981	1987	1988	1989	1990
1	2	3	4	5	6	7	8	9
1)	No. of Unions	19	46	90	82	72	68	69
2)	No. of Societies	(431)	(2021)	(7819)	(12693)	(12917)	(12901)	(13330)
3)	Members (oo)	20	96	161	169	168	142	150
		(155)	(1263)	(7030)	(10593)	(11568)	(11721)	(11953)
4)	Share Capital	1	55	391	753	767	965	1164
		(9)	(62)	(288)	(504)	(651)	(693)	(1174)
	of which Government	NA	8	42	119	110	145	148
		NA	(2)	(2)	(4)	(7)	(8)	(8)
	Owned Funds	1	123	1150	3174	3217	3731	3723
		(12)	(76)	(598)	(1218)	(1708)	(1812)	(2534)
5)	Working Capital	10	345	2103	8051	11666	13087	13450
		(26)	(314)	(1992)	(4296)	(4891)	(5050)	(5453)
6)	Milk procured	7	784	8541	22283	23873	26793	33248
	Value	(67)	(810)	(8531)	(21827)	(22014)	(23927)	(28067)

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Sr. No.	Items	1961	1971	1981	1987	1988	1989	1990
1	2	3	4	5	6	7	8	9
7)	Milk & Milk-Product.	8	904	8831	24576	26455	28967	30084
	Sold Value	(69)	(841)	(9132)	(24376)	(25926)	(28360)	(33815)
8)	Unions/Societies	6	23	51	21	28	38	34
	in Profit	(156)	(833)	(4091)	(5800)	(5602)	(6293)	(6181)
9)	Amount of Profit	0.09	12	29	27	89	207	125
		(2)	(13)	(197)	(317)	(575)	(683)	(781)
10)	Unions/Societies	9	20	30	41	32	22	22
	in loss	(133)	(691)	(2023)	(3608)	(3167)	(3010)	(2925)
11)	Amount of Loss	0.25	8	52	440	182	163	206
		(0.33)	(5)	(26)	(87)	(121)	(118)	(184)

Notes: 1) Figures outside bracket relate to Dairy Unions.

2) Information of Milk Federation is included in Dairy Unions for 1971.

3) Figures in bracket relate to Dairy Societies;

4) NA: Not available.

Source: Co-operative Movement at a Glance in Maharashtra, published by Office of the Commissioner for Co-operation & Registrar of Co-operative Societies, 1991, p. 26.

The share capital of dairy unions in the year 1961 was Rs.1 lakh which increased to Rs.1164 lakhs in the year 1990 and that of dairy societies was Rs.9 lakhs in the year 1961 which increased to Rs.1174 lakhs in 1990. The working capital of dairy unions was Rs.10 lakhs in the year 1961, it increased to Rs.13,450 lakhs in 1990, and the working capital of dairy societies was Rs.26 lakhs in the year 1961 which increased to Rs.5,453 lakhs in the year 1990.

The milk procured value of dairy unions in Maharashtra was Rs.7 lakhs in the year 1961 which increased to Rs.33,248 lakhs in 1990. The milk procured value of dairy societies was Rs.67 lakhs in the year 1961 which increased to Rs.28,067 lakhs in 1990. The milk and milk product sold value of dairy unions in Maharashtra was Rs.8 lakhs in the year 1961 which increased to Rs.30,084 lakhs in 1990 and the milk and milk product sold value of dairy societies in the year 1961 was Rs.69 lakhs which increased to Rs.33,815 lakhs in the year 1990.

The dairy unions in profit were 6 out of 19 in the year 1961. It means nearly 31.5 % of the total dairy unions were in profit. The number of profit making dairy unions increased from 6 in the year 1961 to 34 in 1990. In the year 1990, there were 34 dairy unions, out of 69, which were in profit, this means nearly 49.3 % of the total dairy unions were in

profit in the year 1990. The number of profit making dairy societies in the year 1961 was 156 which increased to 6181 in 1990. In the year 1961 there were total 431 dairy societies out of which 156 were in profit. This means nearly 36.2 % of the total dairy societies were in profit in the year 1961. In the year 1990 the number of dairy societies is 13,330 out of which 6181 are in profit, it means nearly 46.4 % of the total dairy societies were in profit in the year 1990. In the year 1961 there were 9 dairy unions making loss the number of which increased to 22 in the year 1990. In 1961, there were 19 dairy unions out of which 9 societies were making loss. This means, nearly 47.4 % of the total dairy unions were making loss in 1961. In the year 1990 there are 150 dairy unions out of which 22 are in loss. This means nearly 14.7 % of the total dairy unions are in loss. The percentage of loss making dairy unions had declined from 47.4 % in 1961 to 14.7 % in the year 1990. The number of loss making dairy societies in the year 1961 was 133 which increased to 2925 in 1990. In the year 1961 there were 431 dairy societies out of which 133 were in loss. This means nearly 30.9 % of the total dairy societies were in loss in the year 1961. In the year 1990 there are 13,330 dairy societies out of which 2925 are in loss. This means nearly 21.9 % of the total dairy societies are in loss. The percentage of loss making dairy societies had declined from 30.9 % in 1961 to 21.9 % in the year 1990.

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TABLE NO.2.5

: MAHARASHTRA: DISTRICT-WISE DAIRY SOCIETIES (DISTRICT &amp; PRIMARY) 1989-90 :

I	BOMBAY DIVISION	DISTRICT No.of Societies	BOMBAY -	THANE 169	RAIGAD 149	SINHUURG 64	RATNAGIRI 136	TOTAL 518
II	NASIK DIVISION	DISTRICT No.of Societies	NASIK 494	DHULE 925	JALGAON 1,115	AHMADNAGAR 856	-	3390
III	PUNE DIVISION	DISTRICT No.of Societies	PUNE 1,235	SATARA 992	SANGLI 620	SOLAPUR 632	KOLHAPUR 1,242	4721
IV	AURANGABAD DIVISION	DISTRICT No.of Societies	AURANGABAD 403	JALNA 121	PARBHANI 255	BEED 612	OSMAN ABAD 456	2895
V	AMARAVATI DIVISION	DISTRICT No.of Societies	BULDHANA 329	AKOLA 152	AMARAVATI 176	YAVATMAL 276	-	933
VI	NAGPUR DIVISION	DISTRICT No.of Societies	WARDHA 269	NAGPUR 223	BHANDARA 244	CHANDRAPUR 135	GADCHIKOLI 71	942
STATE TOTAL..								13,399

Source: Co-operative Movement at a Glance in Maharashtra 1989-90



Due to the increased expenditure of the Government of Maharashtra and various measures adopted by the Government, for the development of dairy societies, the total number of District and Primary Dairy Societies have reached to 13,399 in the year 1989-90. Table No.2.5 gives details of District-wise number of Dairy Societies in Maharashtra in the year 1989-90.

From the Table No.2.5 it reveals that in Bombay Division there are five Districts. The total number of Dairy Societies in Bombay Division is 518. In the State of Maharashtra there are 13,339 dairy societies out of which only 518 dairy societies are in Bombay Division in the year 1989-90. A percentage of dairy societies of Bombay Division in total dairy societies is 3.86 percent. In Bombay Division, Thana District has largest number of societies i.e. 169, a percentage of which is 32.62 in total number of dairy societies in Bombay Division followed by Raigad District, the percentage of which is 28.76.

In Nasik Division there are 3,390 dairy societies, a percentage share in total dairy societies in Maharashtra, of Nasik Division is 25.3 percent. In Nasik Division the highest number of dairy societies is in Jalgaon i.e. 1,115 followed by Dhule District which have 925 dairy societies.

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In Pune Division there are five Districts namely Pune, Satara, Sangli, Solapur and Kolhapur. The total number of dairy societies in Pune Division is 4,721, a percentage share in total dairy societies is 35.23. Pune Division has highest number of dairy societies as compared to that of other divisions. In Pune Division, the number of dairy societies in Kolhapur District is highest i.e. 1,242 followed by Pune District, with 1,235 dairy societies. The Sangli District has lowest number of dairy societies in Pune Division, the percentage share of which is 13.13 of the total dairy societies in Pune division.

The total number of dairy societies in Aurangabad Division is 2,895. The percentage of which is 21.6 percent in the total dairy societies in Maharashtra. In Aurangabad Division, Beed District has highest number of dairy societies i.e. 612 followed by Nanded District with 561 dairy societies.

The total number of dairy societies in Amaravati Division is 933, a percentage share of which is nearly 6.9 percent, in the total number of dairy societies in Maharashtra. Buldhana District has highest number of dairy societies in Amaravati Division i.e. 329, followed by Akola District with 152 dairy societies.

Nagpur Division has 942 dairy societies, the percentage share of which is 7.0 % in the total dairy societies of

Maharashtra State. Warda District has highest number of dairy societies, in Nagpur Division i.e. 269 followed by 244 dairy societies of Bhandara District.

: SECTION - II :

2.2

A BRIEF REVIEW OF THE DAIRY INDUSTRY  
IN SANGLI DISTRICT AND MIRAJ TALUKA

Sangli District in Maharashtra is one of the well developed Districts in the field of co-operative activity. Dynamic co-operative leadership of leaders like Late Vasantao Dada Patil, Late Rajaram Bapu Patil and others, led to the growth and diversification of the co-operative movement in the District. Development of sugar co-operatives, co-operative banking, urban co-operatives has been a unique feature of the co-operative movement in the District. Growth and development of sugar co-operatives in irrigated and non-irrigated talukas led to economic betterment of the farmers which resulted in farmers' diversifying their activity into animal husbandry. In addition with adequate financial support from co-operative banking sector the farmers undertook increased milk production which resulted in increase in milch animals in the district. As milk production increased in the district, the co-operative dairy industry also developed. The development of the co-operative dairy structure in the district however, was not according to the three-tier

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'Anand Pattern'. In Sangli District at the village level in most of the villages due to party politics one finds the existence of one or more primary co-operative milk societies. At the taluka level the Taluka Milk Federations or Unions have been established which collect the milk from the village co-operative milk societies and transport it to the Government Milk Scheme, Miraj which is established by the Government. The Government Milk Scheme, Miraj undertakes processing of milk, sale of whole-milk to local and Bombay region and also undertakes production of milk by-products. Thus the working of the Government Milk Scheme becomes important for entire co-operative milk societies and the milk producing farmers in the District.

As on 30th June, 1992 there were 708 Primary Co-operative Milk Societies in Sangli District. The Taluka-wise information of which is given in the Table No.2.6.

TABLE NO.2.6

TALUKA-WISE PRIMARY CO-OPERATIVE MILK SOCIETIES IN SANGLI  
DISTRICT AS AT THE END OF 30TH JUNE, 1992

Sr.No.	District/Taluka	Primary Co-operative Milk Societies
1	2	3
1)	Miraj ...	88
2)	Kavathe Mahankal ..	100
3)	Jat ...	85
4)	Atpadi ...	48
5)	Khanapur ...	82
6)	Tasgaon ...	60
7)	Walwa ...	136
8)	Shirala ...	89
	Sangli District ...	<u>708</u>

Source: Office of the District Dairy Development Officer,  
Sangli-Miraj.

Table No.2.7 gives the taluka-wise milch animal population in Sangli District for the year 1990-91. In the year 1990-91, the total milch animal population in Sangli District was 3.06 lakhs out of which the buffaloes were 1.88 lakhs and formed 61.45 % of total milch animal population and the District had 1.18 lakh cows which formed 38.57 % of total milch animal population. The largest population of milch animals is found in Walwa taluka which had a total milch animal population 59,220 of which buffaloes formed 72.36 % and cows formed 27.64 %. Our table reveals that in the drought prone talukas of the district like Jat, Kavathe Mahankal, the percentage of cows is more in the total milch animal population of that taluka.

With rise in the population of milch animals in the talukas and the growth of the co-operative milk societies, the collection of milk by the taluka Sanghs increased in the District. The milk collected by the co-operative taluka Sanghs was transported for processing to the Government Milk Scheme, Miraj, for sale of whole-milk and marketing of milk by-products. Hence, the role of the Government Milk Scheme, Miraj assumed importance as it had to shoulder the responsibility of marketing of milk, production of milk by-products so that the milk producer farmer gets remunerative price for his increased milk production. The working of the Government Milk Scheme, Miraj is discussed in details in the following chapter.

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According to the Table, we find that Walwa taluka has the largest number of Primary Co-operative Milk Societies, followed by Kavathe Mahankal, Shirala and Miraj. Atpadi Taluka has the least number of Primary Co-operative Milk Societies i.e. 48.

The growth of village level co-operative milk societies encouraged the farmers in Sangli District to increase their milk production by undertaking increased activity of dairy farming. For this the farmers increased the number of milch animals with them and we find that alongwith ownership of buffaloes the number of milk-bearing cows have also increased in the District.

TABLE NO.2.7  
TALUKA-WISE MILCH ANIMAL POPULATION IN  
SANGLI DISTRICT 1990-91

Sr.No.	District/Taluka	Cows	Buffaloes	Total (3+4)
1	2	3	4	5
	DISTRICT	1,17,985	1,87,984	3,05,869
1)	Miraj	17,210	32,478	49,688
2)	Tasgaon	16,294	40,047	56,341
3)	Khanapur	11,887	21,640	33,527
4)	Atpadi	7,463	6,585	14,048
5)	Jat	26,937	14,870	41,807
6)	Kavathe Mahankal	10,494	8,546	19,040
7)	Walwa	16,374	42,846	59,220
8)	Shirala	11,326	20,872	32,198

Source: 'Sangli District Socio-Economic Abstract', Published by Bureau of Economics and Statistics, Government of Maharashtra, 1990-91.