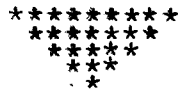


CHAPTER - II

CO-OPERATIVE DAIRY DEVELOPMENT IN MAHARASHTRA



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The present chapter tries to take a brief review^w of the development of co-operative dairy industry in Maharashtra, during the period from 1961 to 1986 reference also made here, implementation of Operation Flood Scheme which is based on Anand Pattern.

2.1 The Organisational set up :

All the district of the state are covered by a large network of dairy co-operatives at village, taluka and district levels. In 1983 (June ending) there were 9173 societies and unions with a total membership of 8,80,000. Their share capital was Rs. 920 lakhs and they commended owned funds of Rs. 2100 lakhs. The value of milk procured and that of milk and milk products sold was Rs. 16,500 lakhs and Rs. 21,000 lakhs respectively. About 50% of the societies were in profit and about 25% were in losses. 7 (Please see Table No. 2.1)

The majority of the dairy co-operatives in the state are procuring milk for the Government milk scheme through in recent years dairy co-operatives on Amul Pattern have come to be registered in Kolhapur and Jalgaon districts. The major market for their milk and

milk products is localised in Bombay and other cities like Pune, Nagpur, Jalgaon, Dhule, Nasik, Kolhapur, Aurangabad etc.

In the initial years, without any clearcut accepted policy regarding pattern of organisation, dairy co-operatives came to be organised. In 1976, the state Government issued directives to set up primary dairy co-operatives at village level and their unions at taluka level. The primary co-operative was expected to collect on the average 200 litres per day to be raised to 400 litres within one year of registration in order to make it viable. Its taluka union was expected to collect 10,000 liters, on an average, per day, within one year of its registration. Recently, the initial minimum for registration of a primary dairy co-operative has been brought down to 50 Litres and a second primary dairy co-operative is also permissible in the same village, once the previous one reaches the average daily collection of 200 litres. Where dairy co-operatives are absent, village service co-operatives are permitted to undertake dairy activities pending formation of an independent dairy co-operative there.

There appears overlaps amongst the taluka unions and district unions in number of areas in Maharashtra.

The structure for dairy co-operatives needs to be properly rationalised to avoid wasteful competition amongst dairy co-operatives. The National Dairy Development Board desires the district co-operative milk Federation to take dairy development activities under the Operation Flood Scheme. The districts such as Jalgaon and Kolhapur have been taken up under the Operation Flood programme with a dairy plant having a capacity of one lakh litres processing per day with other services and facilities as Kolhapur has been handed over to the local district co-operative milk federation, having a capacity of 70,000 litres. Both the federations are progressing well and their capacities would be expanded further in the near future. In course of time, the Operation Flood programme will cover 10 more district of Western Maharashtra.

The development of dairy co-operatives in this state is entrusted to the Dairy Development and its technical staff is available to co-operatives upto the local Government milk scheme. There is a separate co-operative cell in the department headed by a Joint Registrar of co-operative societies, Deputy Registrar Co-operative societies are posted at the Regional Dairy Development office, 90% of the milk collection in the state is collected through co-operatives.

Various incentives are provided to dairy co-operatives by the state Government, apart from managerial subsidy on tapering basis and share capital. At present the nationalised banks are providing, medium term loans (3 years) to co-operative unions and federation for purchase of milk cattle under Government guarantee. The loan is finally advanced to member producers through their primary dairy co-operative. The scheme is functioning fairly successfully. A development grant of 2 paise per litre is paid by the state Government to those societies which maintain their milk supply during lean season to at least 50% of that in the flush season. This grant is used for increasing milk production in the area of the concerned society. Similarly, six paise per litre is given as commission to primary co-operatives and another one paise per litre for milk supplied in owned cans.

Wherever processing is undertaken by co-operatives some charges are paid on that account as well. In order to encourage increase in production of cow's milk special concessions are provided.

The price paid to the milk producer in Maharashtra is the highest in the country. However, certain essential services like veterinary services are not available to the members as are available to the members of the Amul Societies at reasonable costs. (The member of the

dairy co-operative there is satisfied with the lower price and values more supporting services in kind available at cheaper costs).

The declared policy of the state Government is to handover entire dairy activity to the co-operatives, eventually including transfer of Government processing plants (about 30 in number and with an installed capacity of 20 lakhs litres processing per day). The achievement of this objective will take a long time as the process of transfer is currently very slow.

2.2 The Progress :

The progress of dairy co-operative movement in Maharashtra can be explained with help of the following table No. 2.1.

1. The year 1970 can be described as the real beginning of dairy co-operative movement in Maharashtra. There were 2067 societies and unions in 1971, which increased by 382% within one decade of 1981.
2. As result of the Govt. policy for the development of agro base industry particularly, the development co-operative societies, the dairy co-operative were greatly increased from 1980 as result of which the number of dairy societies tremendously increased from 8646 in 1982 to 11107 in 1985.

3. The membership of the dairy co-operatives increased from 1359 to 7191 thousands 1971 to 1981, the membership also increased from 7911 thousands in 1982 to 10,000 thousands in 1985, which recorded 735% net increased from 1971.

4. The capital structure of the dairy co-operative societies can be described with the indicators such as share capital, owned capital, working capital and borrowings. It is observed a very unhappy picture regarding the share capital of the primary societies which should have shown better performance. In this regard, a amount of share capital was not so high in-comparison with increasing membership of societies for exa., the total share capital of all dairy co-operative in Maharashtra 117 lakhs which increased by 679 lakhs in 1981, and 950 lakhs in 1985.

5. The Govt. ^{has} still financial control on dairy co-operatives. Although there was slight increase of the Govt. share in total share capital from 10 lakhs to 44 lakhs within one decade (1971-81), the share capital of the Govt. tremendously increased from 44 lakhs in 1981 to 1 Crore in 1985. The borrowing

societies increased from 247 lakhs in 1971, 1206 lakhs in 1981 and 19 crores in 1985.

6. Regarding the business turn over the progress can be satisfied from tremendous rate of the procured milk of its value. In Maharashtra could procured the milk worth of Rs. 1594 lakhs in 1971, which should 817% increased in 1981 and this rate showed tremendous increased 1882% in 1985.
7. Out of total number nearly 2 thousands societies in 1971 only, 856 were in profit. Very surprising out of 11,107 societies only 5500 societies were in profit in 1985. This shows that many of the dairy co-operatives in Maharashtra have not achieved economic viability in spite of their good performance in membership pattern, number of societies and even total business they have made.

Item	1961	1971	1981	1982*	1983	1984	1985
1. Societies & unions	450	2067 (100.00)	7909 (882.00)	8646 (418.00)	9173 (443.00)	10,024 (484.00)	11,107 (537.00)
2. Membership	175	1359 (100.00)	7191 (529.00)	7911 (582.00)	8654 (636.00)	9,219 (678.00)	10,000 (735.00)
3. Share capital	10	117 (100.00)	679 (580.00)	754 (644.00)	769 (657.00)	910 (777.00)	950 (811.00)
4. Of which Government	N.A.	10 (100.00)	44 (440.00)	66 (666.00)	75 (750.00)	87 (870.00)	100 (1000.00)
5. Owned funds	13	199 (100.00)	1748 (878.00)	2146 (1078.00)	2280 (1145.00)	2565 (1288.00)	2600 (1306.00)
6. Borrowings	14	247 (100.00)	1206 (488.00)	1635 (661.00)	1710 (692.00)	1869 (756.00)	1900 (769.00)
7. Working capital	36	624 (100.00)	5095 (816.00)	6068 (972.00)	6873 (1101.00)	7877 (1262.00)	8000 (1282.00)
8. Milk Procured (value)	74	1594 (100.00)	13038 (817.00)	14746 (925.00)	17071 (1070.00)	27703 (1737.00)	30000 (1882.00)
9. Milk & Milk products sold (value)	77	1764 (100.00)	15264 (865.00)	17014 (964.00)	17963 (1018.00)	31002 (1757.00)	32000 (1814.00)
10. Societies in profit	162	856 (100.00)	4142 (483.00)	4281 (500.00)	4720 (551.00)	5158 (602.00)	5500 (642.00)
11. Amount of Profit	2	25 (100.00)	226 (904.00)	277 (1108.00)	271 (1084.00)	300 (1200.00)	350 (1400.00)
12. Societies in loss	142	711 (100.00)	2053 (288.00)	1897 (266.00)	2133 (300.00)	1850 (260.00)	2500 (351.00)
13. Amount of loss	1	13 (100.00)	78 (600.00)	74 (560.00)	169 (1300.00)	142 (1092.00)	150 (1153.00)

Note : 1. Rupees in lakhs 2. Members in hundreds. 3.* Figures are provisional 4. N. A. : Not available.

Source : Industrial Development of Maharashtra
Maratha Chamber of Commerce & Industries, Tilak Road,
Durg - 411002 (India)

2.3 The Anand Pattern :

In regard to the dairy development the government of India launched an ambitious programme from 1970, onwards, known as 'Operation Flood'. The two districts from Maharashtra namely Jalgaon and Kolhapur were selected under the first stage on the close pattern of "Anand". In the second stage of the 'Operation Flood' 20 districts were selected. This scheme was to be implemented in three different stages which are given below :-

First Stage (1982)	Second Stage (1983)	Third Stage (1984)
1. Kolhapur	1. Pune	1. Sangli
2. Jalgaon	2. Nasik	2. Duple
3. Solapur	3. Beed	3. Satara
4. Aurangabad	4. Yawatmal	4. Chandrapur
5. Jalana		5. Ghar-Chiroli
6. Usmanabad		6. Bhandara
7. Latur		7. Paigad
8. Buldhana		8. Ratnagiri

The main objective of the 'Operation Flood' is to develop dairy business on co-operative basis. Following the 'Anand Pattern'. 8

'Anand Pattern' Pattern Milk Co-operative is on integrated approach to dairy development which aims at



progressive elimination of middlemen and increasing returns to the milk producers. The basis unit in the 'Anand Pattern' is the village Milk Producers' co-operative, a voluntary association of milk producers in a village. The structure of milk co-operatives in 'Operation Flood' is a three tier one.

A) At Village level, primary milk co-operative society.

At district level, District Milk Co-operative Federation.

B) At state level - state milk co-operative Federation.

Under 'Operation Flood'

there are no co-operative unions at taluka level. The only chain between primary society and the Federation at the State level is the district dairy co-operative union. In order to eliminate a large number of middleman, the unions at taluka level have been abolished long back.

2.4 The present position in Maharashtra :

In all the districts the necessary infrastructure for dairy development has been created by way of providing and establishing the milk collection centres and installing the plants and machinery for establishing ~~dwilling~~ milk

collected in the centres.

TABLE 2.2

THE SECTORWISE DISTRIBUTION OF DAIRIES

A.

State Sector	No.	Capacity in lakh litres/day
1. Dairy plants	26	28.65
2. 4 B M S Dairies	03	11.00
3. Chilling plants	82	08.05
4. Powder & Butter making dairies.	03	35 M.T./Day

B.

Co-operative Sector	No.	Capacity in lakh litres/day
1. Dairy Plants.	08	07.50
2. Chilling Plants	24	03.76
3. Powder Plants.	02	20 M.T./Day

Source : Economic
Survey of Maharashtra
1985-86 Page No. 43

In 1985-86 there were 26 State government Milk processing plants with a total capacity of 28.65 lakh litres

a day, the same as in 1984-85. Besides there were 8 dairies with capacity of 7.50 lakh litres a day in the co-operative sector. There were also 82 government chilling centres and 24 co-operative chilling centres with per day capacity of 8.05 lakh litres, and 3.86 lakh litres respectively. In 1985-86 on an average 20.65 lakh litres of milk was collected per day by the dairies in the mofussil area, BMS received in 1985-86 , 36.88 crores of litres of milk from government and co-operative dairies as against 36.59 crores litres in 1984-85.

Before 'Operation Flood' the milk used to come from 'Anand' (Gujarat State) to Bombay. But today no milk came to Bombay from 'Anand' and milk power from foreign countries. The total milk output by Bombay milk scheme, has increased from 4 lakh litres to 11 lakh litres per day.