



Growth of Co-operative Dairy Sector

KEYWORDS

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Introduction:

Co-operation has been accepted as an important medium for regeneration of the country's socio-economic life. In the words of Margaret Digby "only through co-operative institutions can the common man influence the direction of social and economic change in a decisive manner. In fact, co-operation in India has been recognised as a part of the pattern of Indian socialism, especially interpreted in term of rural society". Co-operative, thus has a very significant role to play in any programme of social and economic development of an under developed country like India. The co-operative form of organisation can make a significant impact on the society as well as on the country through its federal character which implies total involvement of each and every member.

Definition of co-operative

"A co-operative is an autonomous association of persons united voluntarily to meet their common needs like economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises".

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity. Co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Dairy co-operatives

In India dairy co-operatives were formed after 1912 but the real beginning was made only after the Second World War. India is basically an agricultural country and depends upon the weather. So, animal husbandry and Dairying are helpful as a supplement to the agriculture farmers, milk producers can protect their right from exploitation by making the milk co-operative society. Moreover, the production of individual farmer is extremely small and so it has to be marketed. Before the advent of "Amul", there was no organized marketing for milk in India. But with the birth of "Amul Dairy" – Anand in 1946, the co-operative Revolution comes into the action. And finally, it emerges as "White Revolution". In its initial stage, about 250 liters of milk per day was collected through two co-operative societies. It turned today in year 2013, into 1.7 Million (Daily Average) litres of milk, being collected from 1195 village co-operative societies with the help 6,76,349 milk producer members. The main aim is to increase milk production with good quality, procurement, processing, distribution and selling in such a way that it gives sufficient and fair reward to the farmer member's milk producers and good quality milk to the consumers at a lower price.

There is a 3 tier structure of Dairy Co-Operatives for Milk purchase, processing and sale, at the top level, there is a co-operative milk marketing Federation. It works as an apex body with the prime responsibility of marketing the milk and milk products manufactured by its district level union members. Then, at district level, there are district unions in action. Their main function is to process the milk which is collected from the village co-operative societies. They also provide technical input services to them. And at the bottom level, village level milk co-operative societies are working which collect

milk from the milk producer's former members. They are connected with the district level unions.

State Marketing Federation (All Dairies in State)

District Milk Processing Union(Every District in the State)

Village Co-operative Society(All Villages in a District)

Table-1

Moreover at National level, National co-operative Dairy Federation of India (N.C.D.F.I.) has been established at Anand to form the milk co-operatives and to offer financial and technical assistance to them. The government of India has also set up National Dairy Development Board (N.D.D.B.) and National co-operative Development Corporation (NCDC) to support the co-operative culture throughout India based on "Amul Pattern".

Overview of Gujarat Co-operative Milk Marketing Federation

Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF) is India's largest food product marketing organisation with annual turnover (2012-13) US\$ 2.54 billion. Its daily milk procurement is approx 13 million litres per day from 16914 village milk cooperative societies, 17 member unions covering 24 districts, and 3.18 million milk producer members. It was established in year 1973.

Members	17 District Cooperative Milk Producers' Unions (16 Members & 1 Nominal Members)
No. of Producer Members	3.18 Million
No. of Village Societies	16,914
Total Milk handling capacity per day	16.8 Million litres per day
Milk Collection (Total - 2012-13)	4.66 billion litres
Milk collection (Daily Average 2012-13)	12.7 million litres
Cattle feed manufacturing Capacity	5890 Mts. per day
Sales Turnover (2012-13)	Rs. 13735 Crores (US \$ 2.54 Billion)

It is the Apex organisation of the Dairy Co-operatives of Gujarat, popularly known as 'AMUL', which aims to provide remunerative returns to the farmers and also serve the interest of consumers by providing quality products which are good value for money. Its success has not only been emulated in India but serves as a model for rest of the World. It is exclusive marketing organisation of 'Amul' and 'Sagar' branded products. It operates through 48 Sales Offices and has a dealer network of 5000 dealers and 10 lakh retailers, one of the largest such networks in India. Its product range comprises milk, milk powder, health beverages, ghee, butter, cheese, Pizza cheese, Ice-cream, Paneer, chocolates, and traditional Indian sweets; etc

GCMMF is India's largest exporter of Dairy Products. It has been accorded a "Trading House" status. Many of Amul Brand products are available in USA, Gulf Countries, Singapore, The Philippines, Japan, China and Australia.

Swot analysis of performance drivers

• Strength

- Large number of small and marginal farmers involved in dairying
- An effective marketing channel helps to meet the demands of the urban consumer
- Very large number of animals and huge scope to enhance productivity

• How to build on them

- Strengthen economic viability of dairy farms by interventions on the input side as well as ensuring fairer farmer prices
- Increase the link between rural production areas and urban markets
- Focus on strengthening the indigenous breed to help significantly enhance productivity

• Weaknesses

- Large share of milk marketable surplus goes through informal channel where quality is a big concern
- Sometimes quality is an issue in the formal channel as well
- Milk production is scattered over a large number of farmers producing miniscule quantities
- Milk distribution is limited to urban and peri-urban areas
- Lack of policy focus on strengthening indigenous breeds
- Non-existent extension facilities
- Because of low access to credit and risk-taking ability, farmers cannot increase their herd size

• How to correct them

- enterprise to encourage commercial dairy farming and encourage production and productivity by extension and breed development
- Enhance packaged milk distribution in more areas
- Create rational export policy to enable farmers to take advantage of higher prices
- Strictly implement quality regulations and improve infrastructure and training for quality
- Strengthen the breed development programmes
- Strengthen extension facilities

• Opportunities

- Increased farmer income by exploiting the high demand

- Increased consumer sophistication and awareness of quality reception of quality packaged products (though slowly)
- Entry of large corporations in retailing, which can lead to more investment
- Immense scope to enhance governance of dairy farmer organizations and thus enable dairy farmers to demand higher prices
- Potential for exports due to low cost of production
- Overall positive growth environment, which is triggering the Government to enhance infrastructure

• How to pursue them

- Establish enabling policy environment to enhance investment
- Create policy support to enhance governance of producer companies
- Focus on quality issues that are a barrier to exports
- Encourage private sector to increase investment in dairying

• Threats

- Large portion of the population does not care about quality issues in milk
- Because of high price sensitivity for dairy products, people are not willing to pay for quality
- Significant increase in maize prices can increase feed prices
- Large informal markets that extend credit are constraining farmers
- Low productivity and scattered production leading to high cost of transportation
- Emphasis on milk fat and not on SNF content maintaining relatively lower prices of milk

• How to avert them

- Initiate consumer education about the negative health impacts of unpackaged products
- Develop packaging in small quantities to meet the needs of the poor
- Increase milk prices in accordance with feed prices
- Support expansion of dairy farmer organizations
- Enhance productivity by breed improvement and extension
- Enforce price setting of milk based on fat and SNF content to encourage production of cow milk.