
UNIT 2 DAIRY CO-OPERATIVES

Structure

- 2.0 Objectives
- 2.1 Introduction
- 2.2 History of Co-operatives
- 2.3 Principles of Co-operatives
 - ^{2/21} Open and Voluntary membership
 - ^{2/21} Democratic Governance
 - ^{2/21} Limited Return on Equity
 - ^{2/21} Equitable Distribution of Surplus
 - ^{2/21} Co-operatives among co-operatives
 - ^{2/21} Co-operative Education
- 2.4 Indian Co-operative Societies Act
- 2.5 Co-operatives Movement in India
 - ^{2/21} Anand pattern co-operatives
 - ^{2/21} Co-operatives in Dairy Development
- 2.6 Three Tier Structure of Dairy Co-operatives
- 2.7 Milk Federations
 - ^{2/21} National Co-operative Dairy federation of India
- 2.8 National Milk Grid
- 2.9 Let Us Sum Up
- 2.10 Key Words
- 2.11 Some Useful Books
- 2.12 Answers to Check Your Progress.

2.0 OBJECTIVES

After reading this we shall be able to:

- ^{2/21} state the history and principles of Co-operation.
- ^{2/21} outline the Anand Pattern of Co-operatives and their working.
- ^{2/21} state how the co-operative societies are formed?
- ^{2/21} know the Three Tier System of Co-operatives.
- ^{2/21} understand about the Milk Federation and its role.
- ^{2/21} indicate the role of National Co-operatives Dairy Federation of India (NCDFI), and
- ^{2/21} specify objectives of National Milk Grid.

2.1 INTRODUCTION

The concept of cooperation has been evolved from the nature. We can observe co-operation in a body, when many different parts of the body act together and do certain task. No body can think of life without co-operation. Co-operation has been among the most honoured values throughout the history of mankind rather stressed in all the religions and moral systems of the world.

The word co-operation has been derived from the word “Co-operari”, which means to work, toil, act together and endeavour to achieve some common goal. In other

words Co-operative is a common action undertaken to fulfill the interest of all individuals. Webster Universal Dictionary defines co-operation as an association of a number of persons for a common benefit, while Chambers Concise 20th century Dictionary relates it to joint action. In International Encyclopedia of the Social Sciences, Co-operation is defined as the joint or collaborative behaviour, which is directed towards some goal/common interest or hope for reward. Social scientists have defined cooperation in several ways.

According to Fay, C.R. it is “an association for the purpose of joint trading, originating among the weak and conducted always in an unselfish spirit, or short term share in its rewards in proportion to the degree in which they make use of their association”. Karve defined cooperation as a common action on equal footing undertaken to promote the legitimate interest of all concerned. It could also be defined as an ethical norm, a social process or an institutional structure known as Co-operatives.

2.2 HISTORY OF CO-OPERATIVES

The history of co-operatives is very old. In ancient times, there were four cooperative institutions known as ‘KULA’, ‘GRAMMA’, ‘SHRENI’, and ‘JATTI’. Our joint family system, in which all the members of the family live together for their betterment is a fine example of co-operative institution. In such a system (Joint Family System), all the members are insured against incapability, illness and old age. In the modern times, we find the cooperatives in all the fields of production, processing, marketing and distribution. Like the other industries/enterprises, in the milk trade too, we have producer co-operatives at the village level, processing cooperatives at the district level known as the Milk Union and the marketing/distribution Co-operatives at the State level known as Federation.

i. Need of Co-Operatives

Whether it is production, processing or marketing, the producers/individuals are exploited at all levels. As the saying goes, the big fish swallows the small one. It is true in agriculture field, the traders exploit the individuals to pocket the major share of profit leaving the producers poor at the lower end. In milk trade too, the business of milk production is in the hands of innumerable producers belonging to all the category, viz. marginal, small, medium and large producers and the landless cultivators/agricultural labour and artisans. These producers individually produce a small quantity of milk. A part of it is consumed at home and only the surplus milk available with the producers goes for sale. The quantity of the product produced being very small cannot be marketed by an individual since it requires lot of time, labour and resources. With the result he has to sell his produce to an intermediary-the milk Vendor. The milk Vendor exploits the producers by giving them low prices, under weighing the product, not providing any incentive, faulty payments, lifting the milk at his convenience, and more particularly avoiding the evening procurement of milk. All this forces the producers to unite together not only to produce the product but to process and sell it unitedly. The Co-operatives have come into existence at consumers level as Consumers Co-operative Societies to get rid of exploitation from the monopolistic producers. Similarly the co-operatives have come into existence at other levels viz. processing and sales/ marketing and distribution.

ii. Advantages of Co-operatives

Co-operatives came into existence and took its roots because of the inherent advantages laid down as under:

^{2/21} Prevents exploitation of the poor

^{2/21} Promotes people initiative, mutual interest and self help.

- 221 Ensure proper use of resources-human, material and financial.
- 221 Forms effective link between producers and consumers.
- 221 Improves production, productivity and quality.
- 221 Provides the consumers with good quality product at a comparatively lower rate and competitive prices.
- 221 Since the resources are pooled, the capital and other constraints are reduced to some extent.
- 221 Many programmes like availability of inputs required for the production process can be started at the village level and can be delivered from producer to producer as per his requirements.
- 221 Links the members of the society to outside world for increasing their benefits.

Check Your Progress 1

1. Name co-operative institutions in ancient times.

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2. List the advantages of Cooperatives.

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3. Discuss the formation of cooperatives?

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2.3 PRINCIPLES OF CO-OPERATION

The principles of co-operatives are aimed at the realization of certain moral values of life. There are four basic principles of co-operation viz.

- 221 Open and voluntary membership.
- 221 Democratic Governance.
- 221 Limited return on equity.
- 221 Equitable distribution of surplus.

Based on these principles, the organization developed the following principles:

- 221 Co-operation between Co-operatives.
- 221 Co-operative Education.

These principles are of universal significance and can be applied to different type of co-operatives in different situations with a considerable degree of understanding and skill. To apply these principles in the various forms and situations, it is of utmost importance to understand these principles.

i. Open and Voluntary Membership

The membership of the society should be open to any body residing in the area according to his willingness only. For it, the criteria could be that he is willing to accept the responsibility bestowed upon him. The right of membership should not be based on religion, cast, political affiliation or other artificial distinctions. The person full-filling the conditions should neither be denied nor compelled to take the membership under pressure either social or legal rather it implies freedom to join, continue or withdraw from the society.

ii. Democratic Governance

All the members of the cooperatives are the owners of the business and have the right and responsibility to govern its affairs either in their individual capacity or through the leader they choose. In case, the business of the cooperatives expands and diversifies, all the members may not get time to meet each other every day to discuss the minor details of the business and take decision. In such cases, it becomes practically difficult to involve all the members all the time. Hence the members have to choose/elect certain members from amongst them selves. The members have to delegate their powers to these elected members, known as Board of Directors, who take the decision at every moment concerning the business. If the member of the board of directors does not have the adequate time to look after the affairs of the society, the powers are delegated to the General Manager, subject matter specialists in the field or to the sub committees formed for the purpose.

iii. Limited Return on Equity

The co-operatives formed is a human association directed towards earning profits and therefore it is an economic enterprise. For starting any economic enterprise capital is required. To raise the capital for running the enterprise, every member of the society contributes his share. This shared capital of the members of the society is known as the equity. Since the money invested as equity by the members has not been paid for direct returns, a limited interest/bonus as determined by the board of directors after calculation of profits is paid to the members from time to time.

iv. Equitable Distribution of Surplus

Since the co-operative society formed is an economic enterprise running with a motto of earning profits, surplus is originated. This surplus can be used in several ways viz. capital formation and expanding the business in the same direction or starting some other business related or unrelated with this business, for common benefits or enjoyment and dividend to the members. The dividend is generally distributed on the basis of the contribution of the members or the number of shares which a member possesses in the society. Non-members who may be directly or indirectly connected with the business are not entitled to any dividend. The surplus after paying the dividend and taxes, etc. remain with the society and is at the disposal of board of directors. They can take the decision to use this surplus capital for the benefit of members, the way they like. One of the way generally used is to give the loan to the members of the society for a specific period at a certain specified rate of interest (generally the rate of interest is the same as offered by the cooperative/public sector banks).

v. Co-operation among Co-operatives

Both in the business and in protecting the interest of one another, the cooperatives work together extending the benefit of cooperation even in wider circles.

vi. Co-operative Education

Cooperative Education means providing knowledge in the principles and techniques

of cooperation to its members, officers and employees at the same time. This will facilitate the Co-operatives to run effectively and efficiently.

Check Your Progress 2

1. List the four principles of cooperatives.

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2. Who can become the member of cooperatives?

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3. What do you understand by equitable distribution of surplus?

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2.4 INDIAN CO-OPERATIVES SOCIETIES ACT

Co-operative Societies Act is a Central Act. However, ‘Co-operative Societies’ is a State Subject (Entry 32 of List II of Seventh Schedule to Constitution, i.e. State List). Though the Act is still in force, it has been specifically repealed in almost all the States and those States have their own Cooperative Societies Act. Thus, practically, the Central Act is mainly of academic interest. As per preamble to Act, the Act is to facilitate formation of co-operative societies for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means.

The Statement of Objects and reasons states as follow- (a) Cooperative Society can be established for purpose of credit, production or distribution. (b) Agricultural credit societies must be with unlimited liability. (c) Unlimited society is not best form of cooperation for agricultural commodities. However, the provision is continued as in several provinces (now States) such societies do exist and are working. It is not intended to give them undue encouragement, but to legalise their existence. (d) Unlimited society can distribute profits with permission of State Government.

i. Registration of Society

State Government appoints Registrar of Cooperative Societies. State Government also appoints persons to assist Registrar and confer on such persons all or any of powers of Registrar (section 3). Function of Registrar begins with registration of a society. He has powers of general supervision over society. Returns of Society are to be filed with Registrar. He can order inquiry or inspection against society. He can also order dissolution of society.

ii. Societies which may be Registered

A society, which has as its object the promotion of economic interests of its members in accordance with cooperative principles can be registered as a society. Similarly, a society established with the object of facilitating operation of such a society can also be registered under the Act. The society can be registered with

limited or unlimited liability. However, unless State Government otherwise directs, (1) Liability of society of which a member is a registered society shall be limited. (2) Liability of a society of which object is to creation of funds to be lent to members, and of which majority of members are agriculturists and of which no member is a registered society shall be unlimited (section 4). Thus, a registered society can be member of another society, but liability of such other society must be limited, unless State Government otherwise directs.

iii. Who Can Form a Society?

A society can be formed with at least 10 members of age above 18 years. If object of society is creation of funds to be lent to its members, all the members must be residing in same town, village or group of villages or all members should be of same tribe, class, caste or occupation, unless Registrar otherwise directs. The provision of minimum 10 members or residing in same town/village etc. is not applicable if a registered society is a member of another society. The last word in name of society should be 'Limited' if the Society is registered with limited liability (section-6). Registrar is empowered to decide whether a person is agriculturist or non-agriculturist or whether he is resident of same town/village or whether the members belong to same caste/tribe etc. and his decision will be final (section7).

iv. Restrictions on Society with Limited Liability

If a society has limited liability, any individual member of such society cannot have share capital more than one-fifth of total capital. An individual member cannot have interest in shares exceeding Rs. 1000/-. This restriction of 20% shares or Rs. 1000/- shares value is not applicable to a registered society which is member of another society (section-5). Thus, if a registered society is member of another society, it can hold shares exceeding 20% or exceeding Rs. 1000/- in value.

v. Amendment of Bye-Laws

Any Amendment to bye-laws shall be registered with Registrar. If Registrar is satisfied that the amendment is not contrary to Act or rules, he will register the amendments.. He will issue a certificate of registration along with copy of amendment certified by him, which is conclusive evidence that the amendment has been duly registered (section 11).

vi. Rights and Liabilities of Members

If liability of members is not limited by shares, each member shall have one vote irrespective of amount of his interest in the capital [section13 (1)]. If liability of members of a registered society is limited by shares, each member will have as many votes as may be prescribed in bye-laws [section 13 (2)]. If a registered society has invested in shares of other registered society, it can vote by appointing a proxy [section 13 (3)]. A member of registered society shall not exercise his rights as member, unless he has made payment to society in respect of membership or has acquired interest in society, as may be prescribed by rules or bye-laws [section 12]. Thus, if there is any default in payment to society, the member cannot exercise his rights.

vii. Management of Society

Every society will be managed by a Committee. Committee means the governing body of a registered society to whom the management of its affairs is entrusted [section 2(b)]. Office bearers of a society includes a Chairman, Secretary, Treasurer, Members of Committee or other person empowered under rules or bye-laws to give directions in regard to business of society. [section 2 (e)].

viii. Liability of Past Members

Liability of past members towards society as on the date he ceased to be member will continue for two years [section 23].

ix. Restrictions on Loans

A registered society can give loans only to its members. However, it can give loan to another registered society with permission of Registrar [section 29(1)]. A society with unlimited liability cannot lend money on security of movable property without sanction of registrar [section 29(2)]. State Government, by issuing a general or special order, can prohibit or restrict lending of money on mortgage of immovable property by any registered society or class of registered society.

x. Inspection of Affairs of Society

Registrar can hold an inquiry or direct some person authorized by him to hold enquiry in following circumstances- (a) Of his own motion (b) Request of Collector (c) Application by majority of committed members of society or (d) At least one-third of member of society [section 35 (1)]. All officers and members of society shall furnish necessary information to registrar or person authorized by him [section 35(2)].

xi. Dissolution of Society

Registrar, after inspection or enquiry, or on application received from 75% of members of society, may cancel the registration of society, if in his opinion, the Society is to be dissolved. Any member can appeal against the order of Registrar within two months to State Government or other Revenue Authority authorized by State Government. If no appeal is filed within two months, the order of dissolution shall become effective. If appeal is filed, the order will become effective only after it is confirmed by appellate authority [section 39].

xii. Companies Act Not Applicable

Provisions of Companies Act are not applicable to registered cooperative society [section48].

Check Your Progress 3

1. Where the cooperative society should be registered?

2. Who can from the society?

3. How the society is managed?

2.5 CO-OPERATIVE MOVEMENT IN INDIA

After the introduction of cooperative societies Act 1904, the cooperative movement started. Cooperatives were organized to break the poverty cycle of small farmers, which was due to the poor facilities, low productivity, famines and the heavy dependence on money lenders, who charged heavy rate of interest. The farmers were also exploited by the intermediaries engaged in the marketing of the produce. These co-operatives formed aimed to encourage thrift and wide use of credit.

In 1912, a legislation was passed to give the power to the cooperatives (other than credit cooperatives) to be incorporated. In 1918 again, the responsibility for cooperative legislation was given to state governments. During the period 1920-1940, many cooperative societies came into existence. It is interesting to note that a very large number of cooperatives were from agriculture field. The number went on increasing and more and more emphasis was laid in the formation of cooperatives in the subsequent five year plans. National Cooperative Development Corporation has reported in 1992, that there were 3,38,000 cooperatives with membership of about 15.60 crore people with 43.7% share of agricultural credit. This was an impressive achievement for a country like India in less than half a century after its independence. Again under the Operation Flood (OF) programme stress was laid on the formation of milk cooperatives.

i. Anand Pattern Co-operatives

An introduction to Anand Pattern of co-operative has been given in the Unit (1.4).

We know that the success of Kaira District Co-operative Milk Union popularly known as “AMUL” lead to the emergence of the strong developmental tool known as “Anand Pattern”. It is designed to support the production, procurement, processing and marketing/distribution of milk and milk products. It is owned by the milk producing farmers. The salient features of Anand Pattern of Dairy Co-operatives (APDCs) are as under.

- 2/21 A single commodity approach
- 2/21 Decentralised decision making and producers elected leadership
- 2/21 A three- tier organizational structure
- 2/21 Employment of professionals
- 2/21 Accountability of these professional to milk producers
- 2/21 Provision of providing technical inputs
- 2/21 Integration of production, procurement, processing and marketing functions
- 2/21 Regular audit
- 2/21 Contribution to development of village

Amul pattern provides opportunity to farmers to control over the resources they create. The farmers elect those who manage their affairs and subsequently appoint professional managers and hold them accountable.

The most important factor is that the cooperatives organized both in the villages as well as the District Union are in a purely democratically knit system. The milk producers own elected representatives form the Board of Directors of the Union. The Union’s board appoint a General Manager and other professional staff for day-to-day working of the union. Thus, the institutional structure wherein the farmer producers frames the general policies for conducting the milk business through the help of professionals. They look themselves that the policies laid are pursued in the right direction in the interest of the producer members emerges and grows consistently. The Anand Union grew gradually in the 50s and 60s and developed

to become a successful model to be followed in rest of the country.

The basic unit in the Anand Pattern is the Village Milk Producers' Co-operative Society, a voluntary association of milk producers in a village, who wish to market their milk collectively. Every milk producer can become a member of the Co-operative Society. In the 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 provide Artificial Insemination (A.I.) services and Veterinary First-Aid.

The primary milk producers' societies are affiliated to a district union, which owns and operates a feeder/balancing dairy, cattle feed plant and facilities for production of semen and its distribution. The Union also operates a network of veterinarians to provide routine and emergency services for animal health care. The dairy, owned by a Union, usually has a milk drying plant to convert the seasonal surpluses into milk powder and other conserved products. With the help of the dairy plant, the Union is able to ensure that the milk producers get 80-90% of the lean season price even in the flush season.

The cattle feed plant owned and operated by the co-operative union is able to provide nutritionally balanced cattle feed at prices 20-30% lower than the prices of the traditional feeds. The milk producers are therefore able to substantially increase their returns from milk production because of the better returns for their milk and lower feeding costs. Each co-operative dairy tries to market the bulk of its milk as liquid milk and converts the surplus milk into products. The profits made by the dairy are redistributed to the milk producers as a subsidiary payment. Many Societies are able to pay 12-15% bonus to their milk producers based on the business transacted with their union.

It was in the year 1964 that the Prime Minister of India Late Shri Lal Bahadur Shastri after visiting Anand and having convinced himself of the benefits that accrued to the rural Milk Producers desired that a national body should come up, which would help replicate dairying through cooperatives on Anand Pattern in the other parts of the country. Thus, came into existence the National Dairy Development Board in September, 1965. In 1969, the National Dairy Development Board formulated an integrated dairy development programme popularly known as operation Flood-I programme. The proposal envisaged 18 Anand Pattern Dairy Cooperatives in the hinter-land milk sheds of India's four major Metropolitan Cities viz. : Calcutta (Kolkata), Bombay (Mumbai), Delhi and Madras (Chennai), to provide for guaranteed investment in milk producers organization, milk production, processing and marketing. Each structure thus erected was to be handed over to the producers whose milk handled thereby put this instrument of development into the hands of rural milk producers. Concurrently in the four major cities, the urban dairy plants capacities were to be built up so that they could capture a commanding share of the market for milk. A beginning was made in the year 1970 with the funds generated from out of the conserved commodities received as gift from the World Food Programme. The funds generated provided the finances for operation Flood Programme as a whole. To handle the donated commodities, generation of funds and their disbursements for procurement, the Government of India set up the Indian Dairy Corporation which became the finance and promotion house in the country's dairy development. The NDDDB became the official technical expertise body for the IDC. Now, IDC has merged with NDDDB. With the implementation of this programme till March, 1981, it became possible for establishing 13270 Villages Dairy Cooperative Societies and to bring into the fold of cooperative ambit around 17.47 lacs farmers families. The capacity of the rural dairy plants was enhanced from the pre-project level of 6.6 lakh litres per day to 45.38 lakh litres per day and the throughput level raised from 4.60 lakh litres per day to 33.87 lakh litres per day. Similarly, the milk

marketing capacity of the metro dairy plants could be raised from the pre-project level of 10 lakh litres per day to 29 lakh litres per day and the throughput from 9.02 lakh liters per day to 22.76 lakh litres per day.

ii. Co-operatives in Dairy Development

According to the All India Report on Agricultural Census 1970-71, there have been some 70.50 million households cultivating around 162.12 million hectares of land in India. Of the total households engaged in agricultural farming and operating different sizes of land, approximately 70% households have been operating in less than two hectares of land. These farming families operate some 21% of the total cultivated land in India. It is significant to note that of the total agriculture farming units in India, about 33% cultivated land holding size is less than 0.5 hectares. Another 18% operated land holdings between 0.5-1.0 hectares. Those who cultivated land between 1.0-2.0 hectares were around 19% of the total cultivators in India (1970-71). The human population is increasing day by day-and –the size of land holdings are further being split into smaller size groups. Thus the role of dairying in the economy of the farmer has gained further importance in the present context.

As far as the organized attempt in dairying is concerned, in this country we have seen three forms of organization - private, government and co-operatives. The private dairies by and large have been observed to be solely interested in earning maximum possible profits and have never cared for providing the necessary incentives for milk production. Obviously, there can be no hope for improving the dairy industry by depending on private enterprises owning and operating milk plants. The performance of city milk supply schemes, managed by the governments, did not also prove satisfactory and encouraging. The experience of most successful Dairy Cooperatives such as Amul and the results of Operation Flood programme being implemented by the Indian Dairy Corporation/National Dairy Development Board through cooperative organizations has shown that organizing dairying on co-operative lines would only yield desired results. How milk co-operatives have emerged as the most cohesive organizations of the farmers which can handle the milk procurement, transport, processing and marketing of milk on the one hand and how they can improve and enhance the milk production through an infrastructure designed for the purpose and also raise the incomes and social standards of the rural community in the country are some of the important points, which need special emphasis.

Check Your Progress 4

1. What are the salient features of Anand pattern cooperatives?

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2. Who were the brains behind establishment of cooperatives?

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3. What does Amul stand for?

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4. What is the basic unit in Anand Pattern cooperatives?

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2.6 THREE TIER STRUCTURE OF DAIRY CO-OPERATIVES

Co-operatives in India are working at three stages viz. production processing and marketing. At the primary level in villages itself, the willing farmers join together to form a Milk Producers Co-operative Society. As already mentioned they form a society popularly known as Village Milk Producers Co-operative Society (VMPCS) as per the agreed principles of milk cooperatives. The secretary of the society appointed by elected representatives runs the day to day affairs of the society viz. collects the milk, tests for its quality, dispatches the milk to the Union/chilling centers, prepares the bill, draws the payment and distribute it to the producers. In addition to this he supplies the seeds and other inputs as available and required from time to time.

The second stage is the milk union at the district level (Milk District Co-operative Union). The membership of the Union consists of all the registered milk producers societies in the district or any other co-operative institution, which undertakes to supply to the Union commodities belonging to its members. The Union/chilling center collects the milk, which is processed/converted into products at the plant owned by the Union. The union at district level arranges the various facilities which other wise a society cannot arrange viz. (i) supplies the milk testing kit and the consumables required for testing, (ii) makes payment for milk procured by the society, (iii) supplies inputs i.e. fodder seed etc. for the producers, (iv) supplies milk products and concentrate feed for sale in the villages and (v) arranges for supply of semen for insemination and first aid to the sick animals in the villages and host of other facilities.

All the unions in the state form a co-operative federation at the state level (State Dairy Development Co-operative Federation). Federation appoints the Chief Executive officer to every union, who administers and runs the day to day activities of the Union, but is supervised by the Board of Directors of the Union. The Federation in turns supplies all the inputs to the Union, markets the produce for all the Unions, collects the money and gives it to the Union of onward transmission to the societies. In other words it is the three tire system i.e. village level, district level and finally the state level.

2.7 MILK FEDERATIONS

As mentioned earlier all the Unions in the state or contiguous districts form an apex body known as the Federation. The Federation, working under the Managing Director markets the products produced by various milk unions, supplies inputs and provides consultancy and supervises their activities. Federations at the level of the state is known as State Dairy Development Co-operative Federation, while at the national level, it is known as National Cooperative Dairy Federation of India (NCDFI).

i. National Co-operative Dairy Federation of India

The National Co-operative Dairy Federation of India (NCDFI) was registered in 1970. In June, 1985, the bye-laws of the NCDFI were substantially amended to

limit its membership to federal dairy co-operatives of the States and union territories and the NDDB. The amended bye-laws vest with these members- to the extent that the Multi-State Co-operative Societies Act, 1984, permits—the direction, management and control of the NCDFI. In December 1986, to gain locational advantage, the NCDFI shifted its headquarters from Delhi to Anand, the milk capital of India.

In December 1990 NCDFI included the co-operative oilseeds growers federations as its members. There are now 21 state co-operative milk producers federation apex unions and 7 oilseeds growers co-operative federations as the members of the NCDFI. These state federations comprise 170 district co-operative milk producers unions and 19 co-operative oilseeds growers' regional unions. The primary level membership comprises about 74500 villages co-operative societies and 98 lakh farmers.

Presently, the NCDFI is performing and consolidating the activities initiated during 1984 to 1987. These are: members relations, establishing a common national platform for the dairy and oilseeds co-operatives and, functioning as a single window for the coordination of purchases and supplies activities of the national level institutions and members of the NCDFI. The NCDFI is also working to improve the quality of these services by evolving an organizational climate of professionalism and excellence.

The NCDFI is managing on turnkey basis, the movement of 142 broad gauge Rail Milk Tankers in different regions of the country. There are about 24 linkages that have been established over time for the movement of liquid milk from the surplus milksheds to the demand centers. Further-more, the NCDFI has undertaken a series of measures - including a comprehensive agreement with the railways - to ensure improved turn around time and efficient utilization of the fleet.

The focus of the NCDFI is to facilitate - through co-operation and networking - a shift from:

- ^{2/21} the restrictive and repressive co-operative laws in the country to the creation of an enabling legal environment where co-operatives can thrive and prosper.
- ^{2/21} State owned or supported co-operatives to member-owned and controlled self reliant co-operatives.
- ^{2/21} Political and state interference in the affairs of the co-operatives to the management of the co-operatives through enlightened membership
- ^{2/21} Unnecessary interference in the day-to-day functioning of the co-operative by its board of directors to the evolution of true partnership and accountability between the board and a professional chief executive officer who enjoys the autonomy and power to fulfill organizational objectives.
- ^{2/21} a policy of having chief executive officers on loan or deputation from government or other organizations to having a professional chief executive, who is a permanent employee of the co-operative and is specifically appointed by and accountable to the board of the co-operative.
- ^{2/21} a policy of having a system of common cadre of senior officials who keep shunting between the federation and its constituent unions to the policy of having mutually exclusive and independent full time permanent employees in the unions and the federation.
- ^{2/21} a policy where quality and excellence were viewed as a luxury policy to the policy where quality and excellence are pre-requisites for the organizations to succeed in the market place.

ii. Main Functions

National Cooperative Dairy Federation

- ^{2/21} Develop inter Dairy Cooperative relationship
- ^{2/21} Research, Publication and Consultancy on Dairying
- ^{2/21} Liaison with NDDDB, Government of India, etc.

State Cooperative Dairy Federations

- ^{2/21} Production programming
- ^{2/21} Marketing of milk products
- ^{2/21} Coordinating bulk purchases
- ^{2/21} Assist the Unions in input programmes
- ^{2/21} Training, consultancy etc.

District Cooperative Milk Producers Union

- ^{2/21} Organisation and supervision of primary cooperative societies
- ^{2/21} Collect milk from primaries for processing and manufacturing milk products
- ^{2/21} Ensure regular payment to DCS
- ^{2/21} Marketing liquid milk in their area of operation
- ^{2/21} Distribution of cattle feed
- ^{2/21} Provide technical inputs
- ^{2/21} Extension activities
- ^{2/21} Arrange training of staff, DCS personnel
- ^{2/21} Educate member farmers and farmer ladies

Primary Milk Producers Cooperative Society

- ^{2/21} Collection and sale of milk to milk unions
- ^{2/21} Ensure regular and remunerative payment to producers
- ^{2/21} Help members to increase milk production
- ^{2/21} Provide veterinary First Aid and Artificial Insemination services
- ^{2/21} Sale of cattle feed

2.8 NATIONAL MILK GRID

The operation Flood – II, which began in 1981 aimed at building a National Milk Grid linking 136 rural milk sheds in 22 states and union territories with the Urban demand centers in the country and creating infrastructure required to support a viable dairy industry. Milk Grid takes care of the surplus milk within the State, where the milk from the surplus area/district is transferred to the deficient area. Under such a situation, it is termed as State Milk Grid. When the surplus milk from one state within the region is transferred from surplus states to the deficient state it is called a Regional Milk Grid. Transportation of milk from the surplus region to the deficient region is called National Milk Grid.

National Milk Grid now in operation in India is capable of transporting large quantities of pasteurized milk across long distances in hygienic conditions by rail or road tankers. For example, insulated rail tankers carrying 40000 litres of milk, routinely move from Anand or Guntur or Jalagaon to Calcutta, covering distances of 1500 to 2000 km. in 30 to 40 hours, with only a 2⁰ C rise in the milk temperature. This takes place in a developing country where, traditionally, a paucity of transportation and infrastructure facilities has restricted the reach of fresh produce to potential markets.

At present, one rake of 60 wagons each ply milk between Anand and destinations such as Delhi, Calcutta and Guwahati each week. To that extent, the National Milk Grid exists and it connects all the four metros and about 500 towns that come in between, the nerve center being Anand in Gujarat. The milk procurement by the 12 district member unions of the Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF) stood at 44.19 lakh litres per day in 2000-01.

Check Your Progress 5

1. What is the three-tier structure?

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2. Who are the members of the district union?

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3. Explain the form NCDFI.

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4. What is the basic purpose of Milk Grid?

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2.9 LET US SUM UP

The concept of cooperation has been evolved from the nature and has been related to human body. All the parts of human body cooperate with each other to make an action. The word cooperation has been derived from the word ‘Co-operari’ which means to work, toil and act together and endeavour to achieve some common goal. In simple words co-operative is a common action undertaken to fulfill the interest of all individuals. Various encyclopedias like Universal Dictionary, Chambers 20th Century Dictionary, International Encyclopedia of Social Sciences have explained and interpreted the meaning of Co-operation in their own ways. C.R. Fay, Hemeik and Karve too explained the term. The History of Co-operatives is very old and is related to the institutions like ‘Kula’, ‘Gramma’, ‘Shreni’ and ‘Jatti’. Gradually, it took the shape of ‘Joint family’, which served as an insurance against incapability, illness and old age. Cooperatives came into existence because the producers were exploited by the intermediaries/vendors by giving low price, incorrect weighing of the products, not making the payment at proper time and indulging in various corrupt and malpractices. The formation of cooperative could to some extent overcome these things.

The principles of co-operatives are aimed at the realization of certain moral values of life. The four basis principles of co-operatives are (i) open and voluntary

membership, (ii) democratic governance (iii) limited returns to equality and (iv) equitable distribution of surplus. Based on these principles the organization developed the following principles (i) Co-operation between co-operatives and (ii) Co-operative education.

Indian cooperative societies Act is a central Act. Though Cooperative Societies is a State Subject, the central act is still in force. It has specifically been repealed in almost all the states and those states have their own cooperative Societies Act. It includes the statement of objects and gives the direction regarding the framing of rules for the Registration of Society, Who can form a society, Restriction on society with limited liability, Amendment of bye laws, Rights and liabilities of members, Management of Society, Liability of past members, Restriction on loans, Inspection of affairs of society and Dissolution of Society, etc.

Anand Pattern of cooperatives came into existence, took shape and ultimately became the model for development dairying in the entire country. The basic unit in the Anand Pattern is the Village Milk Producers Cooperative Society - a voluntary association of milk producers in a village, who wish to market their produce collectively. All the village milk producer cooperatives in a district are the members of their District Milk Cooperative Union. All the unions in the district combine together to form a Federation. Federation takes care of all the Unions in a particular state and are termed as State Milk Federation. This system of milk handling by the societies at three levels viz. procurement, processing and marketing/distribution is known as three tier system.

National Co-operative Dairy Federation of India, though registered in 1970 started functioning as an apex body of the cooperative dairy industry in 1985. There are at present 21 State Cooperative Dairy Development Cooperative Federations and seven Oilseeds Growers Co-operative Federations/Apex Unions in its fold. These State Federations are spread over 170 District Co-operative Milk Producers Unions and 19 Cooperative Oil Seed Growers Regional Unions. The primary level membership comprises about 74500 village co-operative societies and 98 lakh farmers.

2.10 KEY WORDS

Co-operative	:	To toil, work, act and endeavor together for some common goal.
Kula	:	Kin or persons of the same family, relatives and Friends.
Gramma	:	Village or Gram Sabha.
Joint Family	:	Members of the family living together for their betterment.
Exploitation	:	Act of using for selfish purposes.
Voluntary	:	Without compulsion or legal obligations.
Democratic	:	Equal right and privileges for all
Equitable	:	In accordance with Equity.
VMPCS	:	Village Milk Producers Cooperative Society.
DDCF	:	Dairy Development Co-operative Federation.
NCDFI	:	National Co-operative Dairy Federation of India.
Three tier system	:	Cooperative at three stages viz. Village level, District level and State level
Bye-laws	:	Rules and regulations

2.11 SOME USEFUL REFERENCES/SUGGESTED FURTHER STUDIES

- Karve (1968) Cooperation Principles and Substance, Gokhale Institute of Politics, New Delhi.
- Mathur B.S. (1977) Cooperatives in India, Sahitya Bhawan, Agra.
- Madan G.R. (1996) Cooperative Movement in India, Mittal Publication, New Delhi.
- Indian Dairy Corporation (1983) Operation Flood: A reality, (Published) Bulletin.
- Kurien, V. (1987) From a Drop to a Flood, (Published) Bulletin.
- Singh, Bhupal. et-al (1998) "Dairy Management, Pandit Sunder Lal Sharma Institute of vocational Guidance", National council of Educational Research and Training, New Delhi.

2.12 ANSWERS TO CHECK YOUR PROGRESS

Your answer should include the following points :

Check Your Progress 1

- 1) i. Kula, Gramma, Shreni and Jatti
- 2) i. Prevents exploitations of the poor.
 - ii. Promotes people initiative, mutual interest and self help.
 - iii. Ensure proper use of resources-human, material and financial.
 - iv. Forms effective link between producers and consumers.
 - v. Improves production, productivity and quality.
 - vi. Provides the consumers with good quality at a comparatively lower rate and competitive prices.
 - vii. Since the resources and pooled, the capital and other constraints are reduced to some extent.
 - viii. Many programs like availability of inputs required for the production process can be started at the village level and can be delivered from producer to producer as per his requirement.
 - ix. Links the members of the society to outside world for increasing their benefits.
- 3) i. To get rid from the exploitation of middlemen get timely and remunerative prices of the produce.

Check Your Progress 2

- 1) i. Open and voluntary membership
 - ii. Democratic Governance.
 - iii. Limited return on equity.
 - iv. Equitable distribution of surplus.
 - v. Based on these principles, the organization developed the following principles:
 - vi. Co-operation between co-operatives.
 - vii. Co-operative Education

- 2) i. Any body residing in the area according to his willingness, should be more than 18 years of age, having sound mind, good character and should not have been declared solvent.
- 3) i. Surplus could be reinvested in capital formation expanding the business and paying and distributing the dividend/bonus to the members on the basis of their contribution or the number of shares in the society.

Check Your Progress 3

- 1) i. Society could be registered under the societies act with the Registrar of cooperative societies.
- 2) i. A society can be formed with at least 10 members of age above 18 years residing in the same area.
- 3) i. Every society is managed by a committee, which means the governing body to whom the management of its affairs is entrusted under section 2(b), office bearer of the society includes chairman, Secretary, treasurers and other members.

Check Your Progress 4

- 1) i. A single Commodity approach
 - ii. Decentralized decision making and producers elected leadership
 - iii. A three-tier organizational structure
 - iv. Employment of professionals
 - v. Accountability of these professionals to milk producers
 - vi. Provision of providing technical inputs
 - vii. Integration of production, procurement, processing and marketing functions.
 - viii. Regular audit.
 - ix. Contribution to development of village.
- 2) i. Sardar Vallabh Bhai Patel, Morarji Desai
- 3) i. Anand Milk Union Ltd.
- 4) i. Village Milk producers Co-operative Societies

Check Your Progress 5

- 1) i. Milk producers cooperative society at village level, Milk producers union at district level and milk producers federation at state level.
- 2) i. All the village level societies will become the member of the union.
- 3) i. National cooperative Dairy Federation of India.
- 4) i. To supply the milk from deficit area to the surplus areas within the district/state/the country.