

Abstract of Doctoral Dissertation

**Dairy Co-operative and Rural
Development* (With Special Reference to
Comparative Study Between the Kaira
District Co-operative Milk Producers' Union
Limited and the Himalayan Co-operative
Milk Producers' Union Limited)**

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Introduction

MAXIMUM PEOPLE OF thickly populated India live in villages. Majority of them are involved in agriculture. The cattle animal is correlated with agriculture in India as the old method of cultivation is still vogue here. Rearing of cattle animal is also an additional source of income of the villagers in our country.

We get from our ancient history that the domestication of the cow and the buffalo dates back to nearly 4000 years. Scriptures of India refer to the wealth through the word 'Godhan'. Maximum proportion of cows and buffaloes of the world are seen in India. But India produces only five percent of the total quantity of milk produced in the whole world. This amount is too inadequate to meet the country's demand. The supply of milk in some parts of India is higher than the local demand. On the other hand, supply of milk in the rest of the country as well as in urban areas is much lower than the demand.

In 1965, National Dairy Development Board (N.D.D.B) was set up with the object of meeting the increasing demand of milk specially in urban areas as well as developing the rural economy through the enhancement of the milk production of the country. In 1970 National Dairy Development Board took up Operation Flood Programme in order to organise Milk Producers' Co-operative in several probable places of India taking the Kaira District (Anand) Co-operative Milk Producers' Union Limited (AMUL) of Anand,

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Gujarat as a model with the above object in view. The Himalayan Co-operative Milk Producers' Union Limited (HIMUL) was formed at the foot of the Himalayas in West Bengal in 1973 as a part of this programme like other states of the country.

This study deals with the analysis- as to how far the Operation Flood Programme i.e. replicating the ANAND model programme taken by the N.D.D.B. is achieved in India.

This analysis depicts that the programme which was taken with a view to replicating the ANAND model has not achieved success through out the country. Besides, this programme did not consider local geographical and socioeconomic aspect at the time of copying ANAND model exactly. As a result in many cases invested capital of Operation Flood Programme could not yield any favourable result.

According to Operation Flood Programme many Milk Producers' Co-operative have been formed in this vast country. For the benefit of detailed analysis only two Co-operative Milk Producers' Union Limited - The Kaira District (ANAND) Co-operative Milk Producers' Union Limited and The Himalayan Co-operative Milk Producers' Union Limited, have been taken into account.

This study is divided into eight chapters. The first four chapters contain the history of Dairy Co-operatives in India and elaborate discussion of Operation Flood Programmes in addition to the introduction. Besides, these chapters include the history of the formation process of AMUL and HIMUL.

In this analysis, problems have been discussed in three stages in the next three chapters. In the first stage growth and performance, in the second stage financial performance and in the last stage influence of Dairy Co-operatives on rural economy have been discussed. My inference from the detailed analysis has been included in the last chapter.

History of Dairy Co-operative in India

The Co-operative movement started in India in the last decade of the 19th Century with two objects in view, i.e. to protect the farmers from the hands of the private money lenders and to improve their economic condition. Madras province was the birth-place of this movement. With the setting up of an Agricultural Co-operative Banks there the movement took root in our Land and slowly gained strength. However, the growth of Co-operative movement in India during British rule was very slow and haphazard one. In most of the cases, the provincial governments took the lead. The foreign ruler had only made some committees or framed a few rules and regulations. But they did not take any wide-ranging programme to spread the movement all over the country.

The golden era of Co-operative movement began after India had won freedom. Within two decades of independence the membership of primary societies had increased four times while the share capital and working capital increased 23 and 31 times respectively.

The history of Dairy Development Movement in India is a new one. During the pre-independence period this movement was limited to a few pockets of Calcutta, Madras, Bangalore and Gujarat. The most notable of this venture was Kaira District Co-operative Milk Producers' Union Limited of Anand, Gujarat. But after independence the National Government took great initiative in setting up new Dairy Co-operatives in many parts of the country. The National Dairy Development Board was set up to make the ambitious project a success.

Progress of Operation Flood

The Operation Flood Programme was undertaken after the National Dairy Development Board had been formed in 1965. The programme aimed at bringing the shortage of milk supply in the four Metropolitan cities of Calcutta, Bombay, Madras and Delhi into agreement with the abundance of milk production in adjoining villages of the cities. Simply speaking, it tried to achieve a two-fold objective - increasing the production of milk and making equilibrium of supply and demand in the milk market. It was then decided that the Milk Co-operative formed on Anand pattern in all over the country should be reorganised, the excess milk would be procured at a fair price and be supplied to the cities. The Anand pattern had been accepted as the model because the Kaira District Milk Producers' Co-operative Union Limited (AMUL) was then recognised as the only ideal Milk Union of the country. In the initial stages of the programme India received a huge amount of butter oil and milk powder as gift from the European Economic Community (EEC).

The progress of the Operation Flood Programme all over India has been quite commendable. Before the implementation of the programme both the production of milk as well as the per capita milk consumption was too low. The position at present, has undergone a distinctive change. Apart from the increase of milk production and its per capita consumption a great number of Village Milk Co-operative Societies have come up. The trend of keeping milk animals in a scientific method has registered an increase too. As a result, import of milk powder from foreign countries substantially dropped and after 1976, its import on a commercial basis stopped totally. However the country got little amounts of milk powder after that as gift. This testified to the fact that, with the inception of the Operation Flood Programme, the Dairy Development Movement in India and also the Dairy Industry has made remarkable progress.

Despite that, the rate of progress has not been the same in different zones. While the Eastern zone is lagging far behind the other zones in this respect, the Western Zone has gone far ahead of others.

Back Ground of 'AMUL and HIMUL'

Both Amul and Himul have a historical heritage. The density of population, percentage of literacy, agricultural products, economic status, geographical area, milk production in both the areas where Amul and Himul are located have something common in them. Nevertheless, the dissimilarities between the two are more glaring.

The establishment of Amul has back-ground of long struggle and movements. But Himul was totally a Government enterprise. Amul Co-operative has the blessings of the National leaders of pre-independence days. The strong determination and indomitable courage of the local milk producers were its main support. The people of the area have realised through experience what a Co-operative actually stands for and how the people and above all, the nation may be benefited by it. This cannot be said of Himul. It was as if imposed on the people of Darjeeling District and Sadar Sub-division of Jalpaiguri District and of Islampur Sub-Division of West Dinapur District. People were main force behind Amul, whereas in case of Himul the government was the entrepreneur - Himul is the foster-child of the Government while Amul is of the masses.

Growth of Amul & Himul during the Period

Ten years have passed since Himul started functioning. Still it has not recovered from teething trouble. Far from making the desired progress it could neither organise targeted number of society for fulfilling techno-economic programme like Breed Improvement Programme, Veterinary Aid, Fodder Development and so on. Only in the hill areas it could achieve some success. But the lapses and failures in other fields have overshadowed this achievement. It has also failed to involve large number of farmers in the Dairy Co-operative Movement. As a result, milk procurement per day could never reach even one third of the target. Moreover, one third of the village societies it had organised were either closed or did not start functioning. However, the major amount of milk procured per day comes from the societies located in the hill areas. The performance of the societies on the plains is deplorable. Of the 300 societies only 65 societies were formed. At present only 45 societies are functioning. Now, if we put both Amul & Himul side by side for a comparative study, the failure of Himul appears far more striking. While Amul has maintained the trend of improvement in every field, Himul has fallen far short of what was expected of it.

Financial Performance of 'AMUL' 'HIMUL'

During the course of our study it is found that there is virtually no financial control in Himul. In most of the cases different ratios of Himul depicted a very poor performance. This organisation has a negative net working capital. Also, it never earned surplus and return on capital employed is always negative. Again, this organisation has a very low current ratio indicating very poor state of current asset management.

It is found in our analysis that the financial position of Amul is much better than Himul. The dismal performance of Himul is reflected both in the trend analysis and comparative analysis. In most of the cases the rank correlation co-efficients of different ratios are found to be very insignificant. Again, in some of the cases, we found a negative association between the two sets of ratios.

Economic Impact of 'AMUL' & 'HIMUL' on The Rural Development

Amul induced an impact on rural economy. The same is also observed in case of Himul though its impact is not as impressive as Amul. The rate of domesticating milk animals in the Dairy villages of both Amul and Himul is higher than that in non-dairy villages. On the other hand the number of milk animals per family in Himul is larger than the dairy villages of Amul. Yet the productivity of milch animals in Amul Villages is much higher than that of the plains of Himul. The productivity of milk animals in the plains of Himul is less than that in hill areas.

Even to-day there is no ready milk market in non-dairy villages. For that reason in case of both Himul and Amul, the producers of those areas use a large part of their product for home consumption and even this rate of home consumption is higher than that of dairy villages. Again, the per capita milk consumption is high in dairy villages of both Himul and Amul.

The producers of Amul get the advantage of extension services, more than those of Himul Villages. So the yielding capacity of milk animals in those areas is also higher. But though the producers of hilly areas of Himul receive the benefit of extension services less than those of plain areas, yet the yielding capacity of milk animals is higher in hill areas. Even the non-dairy hilly villages have milk animals with very significant yielding capacity. Again average yielding capacity of milk animals in dairy villages of Amul and plain as well as hill areas of Himul is higher than that of non-dairy villages.

A comparative analysis regarding the income from dairy farming in dairy villages of Amul and Himul shows that the income of dairy villages of Himul and dairy farmings is proportionately higher than that of Amul. Of course, the percentage of income from Agriculture and dairy farming in dairy villages of Amul is higher than that of non-dairy villages and the percentage of income from agriculture is the highest. On the other hand the percentage of income from dairy farming, agriculture and other sources in dairy village of Himul is almost equal though the percentage of income from those sources is higher in dairy villages of Himul than that in non-dairy villages. The percentage of income from Agriculture of the dairy villages of Amul is higher than that of the dairy villages of Himul. However, in dairy villages of both Amul and Himul, the percentage of income from dairy farming and agriculture is higher than of non-dairy village. Again in hilly areas the percentage of income from dairy farming is much higher than that from agriculture though the matter is just the reverse in case of plain areas. In short dairy farming has remarkably made an impact on the agriculture of Amul Villages and Himul also has done the same though its role is not so remarkable. Of course, Himul has contributed to the betterment of economic status of the people of dairy villages, specially in hill areas.

The producers of dairy villages of Amul get comparatively high price of milk than those of non-dairy villages. But both the plains and the hills of Himul pay smaller price to the producers of dairy villages, than to those of non-dairy villages. Besides, the producers of dairy villages get higher price of their product if they sell it to other existing marketing channel instead of Himul Dairy.

Most of the producer members of Amul sell their product to Amul because they get fair price from it. According to the producer members of Himul, they get many facilities from Himul and so they sell their milk there.

However, view point of the producers in the matter of uplifting their economical status differ widely between Amul Producers and Himul Producers.