

Chapter - 1

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Review of Rural Development

Countries in the Third world have implemented programmes of rural development for achieving land reforms, community development and integrated rural development. Review of these programmes and causes for failure of most of these programmes have been the subject of many erudite studies. Perusal of the findings of these reviews will facilitate formulation of corrective measures.

These programmes were formulated by the central and state Governments and many of them were found to be unsuitable for rural areas. Implementation of these programmes by the traditional bureaucracy increased the existing inequalities in rural areas since most of the benefits of these schemes were captured by the rural elite with connivance of the bureaucracy¹.

Rigidities, social imbalances, economic inequalities and institutional inadequacies, especially in rural areas, tended to inhibit the spread effects of the benefit of the centrally organised and centrally directed schemes of

economic development². The reviews, thus, highlighted two causes for the lacklustre performance of the programmes of rural development, viz. inappropriateness of the programmes and inadequacy of the delivery system.

Thus, the diagnosis revealed the need for

- 1) active participation of the rural people in planning development programmes,
- 2) generating self help among the people through continuous interaction and problem-solving,
- 3) reorientation of the bureaucracy and
- 4) organisation, accountable to the local people and to the central agency.

The experience in rural development showed the need for rethinking on programmes and organisation apparatus.

Programmes

Rural development should concentrate on those activities which local elites are less likely or able to capture and to which rural poor have a real chance to establish lasting rights³. Dairy development is one of such activities satisfying the above conditions as highlighted by review of literature to be found in the next chapter. Therefore in 1976 National Commission on Agriculture recommended development of dairy and animal husbandry as

an instrument of socio-economic change benefitting the weaker sections of the society⁴.

Importance of Milk

Milk, nature's most perfect food, is the only source of food for most of the newly born mammals and it is the only source of nutrients for human infant for two or three months. For adults too, milk is important because of three of its ingredients viz, protein, calcium and riboflavin \ In India, at the time of independence, milk the major source of animal protein was woefully deficient in availability-142 grams per capita per day as against the recommended nutritional minimum of 425 grams^{fl}.

Cattle Development

Besides supply of valuable milk, development and management of milch animals has other important goals also viz, diversification of rural economy, provision of employment, supply of manure and availability of draught animals. Naturally animal husbandry secured a prominent place in the developmental plans of India.

The First Five Year Plan addressed itself to the problems of

- a) augmenting the production of milk,

- b) improving the supply of milk to the urban centers and
- c) providing draught power to agriculture, through Key Village Scheme.

The Second Plan provided for selective upgrading of the non-descript cattle. The Third Plan introduced cross breeding with exotic breeds. Along with Green Revolution, Intensive Cattle Development Programme for upgrading of milch animals was launched in three annual plans between 1966-67 and 1968-69. The Fourth Plan took cognizance of the conflict between the two goals of cattle development i.e. dairy development for increasing supply of milk especially to the urban areas and animal husbandry for augmenting draught power for agriculture. In terms of plan provisions dairy gained ascendancy over animal husbandry upto Eighth Plan⁷.

Rural Development

It is now realised that socio economic development should be treated as empowerment and rights for the people and effective participation of people is essential for creation of a just society. What is needed is the self-government, a decentralised order and empowerment of the people. Besides devolution of power and functions to the lower level, such decentralisation should bring people to the centre⁸.

Organisation for Rural Development

According to Esman a constituency organisation is a necessary condition for rural development. Such organisation should be linked through two way flow for information and resources with centres of power at district, regional and national levels. The linkages should be set up through multiple channels. Successful constituency organisations are controlled by mutual accountability - downward towards membership through election, meeting and participation and upward to government which sets up standards and conducts audit thus controlling the operations⁹.

Co-operatives

Co-operative movement which arose as a reaction to excesses of capitalism in the west should provide necessary framework for such constituency organisation. All the features and requirements of a sound constituency - organisation for rural development can be found in Anand, a pioneer of Indian milk co-operatives¹⁰.

Anand

One of the most-striking developments in the field of dairy industry in India was the emergence of Anand. Exploited by a milk-processing company

in the private sector, milk-producers of Kaira district in Gujarat State joined two milk producers' co-operative societies organised in 1946 by T.D.Patel who later enticed Dr.Varghese Kurien, a dairy engineer to the co-operative movement. The movement gradually spread to the whole of Gujarat. The problems of surplus milk during the flush season and scarcity of the lean season forced the organisation to diversify into production of milk powder (for reconstitution of milk during the lean season), butter, ghee, cheese and baby food, now marketed under the celebrated brand name AMUL(Anand Milk Producers' Union Ltd)".

The features of Anand pattern of dairy are :

- 1) a three tier organisational structure (covering village, district and state levels)
- 2) producer - elected leadership and decentralised decision making.
- 3) employment of professionals, managers and technologists
- 4) accountability to the member producers.
- 5) provision of all necessary inputs and service to member - producers and contribution to village amenities.
- 6) concurrent and final audit, and
- 7) cash payment to producers on daily or weekly basis ¹²

Operation Flood

Thus Anand pattern was found to hold promise for the twin problems of rural development viz an appropriate programme and an adequate delivery system. In 1964 Government of India invited Dr. Kurien to extend Anand type of three tier dairy co-operatives to other states of India also. For this purpose National Dairy Development Board (NDDB) and Indian Dairy Corporation (IDC) were founded in 1965 and 1975 respectively. Under the stewardship and guidance of NDDB and I.D.C. three tier co-operative organisation comprising a state level co-operative federation, district level co-operative union and village-level primary co-operative society was employed for administering the programme of dairy development in three phases of Operation Flood I, II and III.

Operation Flood I was launched in 1970 for securing for co-operative sector a major share in the milk market in four metropolitan cities - Madras, Mumbai, Calcutta and Delhi. The programme was completed in 1981. Operation Flood II was started in 1978 for raising the level of milk consumption in the country and for getting fair return to the milk producers through improved productivity. Operation Flood III was launched in 1987 for consolidating the benefits Operation Flood II and for enlarging the area under coverage.

Between 1950-51 and 1994-95 production of milk rose by 3.75 times from 17.00 million tonnes to 64.10 million tonnes compared to a rise of 14 times in eggs and 6 times in fish.¹⁴ However between 1980-81 and 1994-95, production went up by 2.06 times in milk, 2.58 times in eggs and 1.96 times in fish revealing the accelerated growth in milk production under the programme of operation flood.¹⁴ India is now the second largest producer of milk in the world and by 2000 A.D it is expected to overtake U.S. and become the largest producer of milk in the world. Per capita availability of milk per day rose from 172 grams in 1972 to 192 grams in 1994-95 whereas the world average is 285 grams. There were 68900 dairy co-operatives in 1994 collecting about 9.6 million litres per day or 14 percent of the total production. Unorganised private sector accounts for 82 percent of milk and organised private sector 4 percent.¹⁵

Pattern of Consumption

Among milk-products curd is fermented liquor of milk, also called yoghurt and ghee is clarified butter. Curd is largely a home made product. Pattern of consumption of milk and milk products has changed largely as shown below.

Table 1.1
Pattern of Consumption of Milk (%)

Product	Consumption (%)	
	1951	1991
(1)	(2)	(3)
Liquid Milk	26.2	46.0
Ghee	43.3	28.0
Curd	9.1	7.0
Butter	6.3	6.5
Khoa	4.1	5.5
Milk Powder	-	3.8
Cheese	-	2.0
Others	1.0	1.2

Source: 1) Dr. Jawanaram. Management of Dairy Enterprises. Kaber Associates & Publishers, Jaipur(1987) p.9 (for col-2)
2) Indian Agriculture 1996. op.cit p.601 (for col-3)

Consumption of liquid milk registered an impressive rise of nearly 80 percent while the share of ghee has come down sharply and two new products, milk powder and cheese made entry during the period of 40 years. Total share of milk products - other than liquid milk and curd - declined from 64.7 percent to 47.0 percent in the total consumption of milk. Growing importance of liquid milk and falling share of the milk products in the

consumption - pattern of milk reveals that the scope for value addition or net value added by manufacture in dairy industry will not be substantial in India. Success of the co-operatives will depend largely on the volume of collection of milk and retail sale of liquid milk. In fact the total share of liquid milk and curd in the total consumption of milk has remained static at 53.0 percent since 1961.¹⁶ Therefore success of the dairy co-operatives will largely depend on the quantity of collection and sale of liquid milk and the scope for diversification and value-addition will be limited. Increase in demand for the other milk products will have to come largely from the new consumers of liquid milk.

Milk Production in Tamilnadu

Tamilnadu is one of the major producers of milk in India. The volume of production of milk in the state more than doubled from 1.74 million toimes in 1980-81 to 3.70 million toimes in 1994-95 whereas growth rate for the country also was the same from 31.60 million toimes to 63.60 million toimes. However the ranking of Tamilnadu declined from fifth place to sixth place in the country during this period.¹⁷

Per capita availability of milk per day rose from 164 grams in 1988-89 to 181 grams in 1994-95 as against the country's average of 192 grams in 1994-95. Yield per animal stood at 2.80 Kg for covv and 3.38 Kg for buffaloe[^]

in 1988-89. In 1994-95 the average yield was to 2.14 Kgs for indigenous cows, 5.20 Kgs for cross-breed cows and 3.55 Kgs for buffaloes. Because of the cross - breeding share of cows in milk - production has gone up from 50 percent in 1988-89 to 60 percent in 1994-95. ^{1K}

Co-operative **Sector** in **Milk** Production

Co-operative sector of dairy industry in Tamilnacki grew from two centres at Chennai and Madurai under Operation Flood I to 17 co-operative unions with 9635 primary co-operatives in 1992-93 under Operation Flood III and the share of co-operative sector in total production of milk in the state grew from 7 per cent in 1983-84 to 14.99 per cent in 1992-93. ^{1w}

Besides providing market of urban consumers for the rural milk - producers the co-operative sector has helped to raise the productivity of animals through cross breeding, fodder development. supply of animal feed and provision of veterinary services.

Dairy Co-operative Sector has played a significant role in achieving the goals of Operation Flood with regard to both producers and consumers bringing about improvement in productivity, production and marketing. Though the dairy Co-operatives now account for just 14 percent of the total production of milk in the country its presence as an alternative to the private

traders of milk has strengthened the hands of the milk-producers in checking the exploitation of the private traders and in getting a fair price for milk. Rising conscience of quality standards and effects of adulteration among the people thanks to the growth in literacy and knowledge, is bound to attract increasing number of consumers, especially in small towns and big villages, towards the dairy Co-operatives. The dairy Co-operative sector, on its part, should brace itself for an expanding role in future through periodic evaluation, of its performance, diagnosis of its own ills, if any, and timely remedial action.

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