Chapter- 6
Summary of Findings, Conclusion and Suggestions

Cooperative form of business organisation is based on democratic setup with the concept of “Each for all” cutting across the caste, creed, culture, tradition, etc. It has touched the life of every individual one way or the other. The cooperatives are based on the following principles-

1. Voluntary, open membership
2. Democratic organisation
3. Limited rate of interest on Share Capital and profits
4. Distribution of surplus or saving
5. Education of the members
6. Mutuality

Cooperative is a democratic institution run by the members who take active role in the overall functioning and success for their individual and mutual benefit.

As per ICA (International Cooperative Alliance) there are 1 billion members in different types of cooperatives in the World of which 239 million people are registered as members from India.

The co-operative movement in India began with the passing of the Cooperative Societies Act of 1904. The Government of India has been making efforts in creating cooperative a vibrant organisation to uplift the condition of the rural people. Thus a number of Committees constituted by Government of India in different years for suggesting different issues relate to Cooperatives such as Dantwala Committee, R.N. Mirdha Committee, Sankaran Committee, Choudhury Brahmrakash Committee, Y.N. Vyas Committee, etc., recommended different
measures that can be taken by the Government for the growth and development of cooperatives. Government of India also accepted many recommendations of these Committees.

There are different forms of Cooperatives of which Dairy Cooperative is one of the rapidly growing cooperatives in India. The real beginning of the dairy cooperatives in India was during the period of 1940s. Prior to 1949 due to the exploitation by the middlemen of a private farm named, Polson Dairy, the cooperative movement was initiated; thus an infant cooperative dairy, namely, Kaira District Cooperative Milk Producers’ Union Limited, now known as Amul, was born in the year 1946. The Amul pattern of cooperatives had been so successful, that in 1965, the then Prime Minister of India, Shri Lal Bahadur Shastri, desired to replicate Amul pattern of Cooperatives on a nationwide basis. Thus National Dairy Development Board (NDDB) was set up for the purpose and it completed Operation Flood (OF)-I (1970-1981), OF-II (1981-1985) and OF-III (1985-1996). As a result, there was a huge stride in both the production and marketing of milk and milk products in India.

The Department of Veterinary and Animal Husbandry, Government of Nagaland, visualized the prospect of the growth and development of Dairying in Nagaland and thus took various measures for the development of dairy co-operatives. As a result of these initiatives Kohima District Milk Producers' Union Limited (KOMUL) was set up in 1985-86 at Dimapur. Under the Operation Flood-II period, the work of a 2000 LPD (Litre Per Day) Chilling unit at Dimapur was started and the project became operational in the year 1986. By 1989-90, the daily milk collection reached 1000 litres. During the 1998-2000, Nagaland Dairy Industry was declared as one of the top 10 fastest growing
dairies in India. As NBBD withdrew the project from the entire North-Eastern region, a new project was started namely, Integrated Dairy Development Programme (IDDP) by the Government of India, which aimed at increasing milk supplies in project areas by increasing milk production, facilitating its marketing through integration of activities related to production, collection, chilling, processing and sale of milk, ensuring remunerative prices to milk producers and increasing their income, employment and nutritional standards. The status of Dairy industry thus started to improve in the country. But in Nagaland, Milk production was the lowest of 53 (000 litres) and Per Capita Availability of milk was also very low, i.e., only 66 gm/day in 2008-09. Nagaland State Dairy Co-operative Federation Ltd (NSDCF Ltd) was set-up in the year 2001-02 as per directives of the NDDB and Department of Veterinary and Animal Husbandry of Government (V&AH), Nagaland, to replicate cooperative dairying covering the entire state in a phased manner. NSDCF Ltd is State Implementing Agency (SIA), an autonomous body in the state having kindred functions and the district Milk Unions are maintaining their functional autonomy as per the provisions of the bye laws [Meyase, 2003-04]. It has been successfully coordinating and monitoring the overall dairy development activities in the State including the District Milk Unions/Societies affiliated to it. It has three affiliated Dairy Unions namely, Dimapur District Cooperative Milk Producers’ Union Ltd (DIMUL), Kohima District Cooperative Milk Producers’ Union Ltd (KOMUL) and Mokokchung District Co-operative Milk Producers’ Union Ltd (MOMUL).

The total number of primary dairy cooperative societies registered under the above mentioned three unions is 39, 24 and 08 respectively in the year 2009 but many societies are not functional. For example, as per official record supplied by
DIMUL, the number Organised DCS were 44 of which only 12 were functional. But during survey, the researcher has found that only 9 DCS were functional.

Dairy Cooperative plays an important role for Socio-economic development of a large number of rural people but at present it is observed that the number of members of dairy cooperatives and number of DCS have been decreasing. After the formation of DIMUL no study has been conducted to evaluate the performance of DIMUL and the DCS affiliated under it. So, this is the first ever attempt taken by the researcher to study the following objectives related to the Dairy Cooperatives in Nagaland-

1. To study the genesis of the Dairy cooperatives.
2. To measure the financial performance of Dimapur District Milk Producers’ Union Ltd (DIMUL) and primary Dairy Cooperative Societies under the control of DIMUL.
3. To study the socio-economic profile of the members of dairy cooperatives.
4. To study the impact of dairy cooperative on the socio-economic condition of the members of the cooperative societies.
5. To trace the constraints and to give suggestions for overall improvement of dairy co-operatives in Nagaland.

The following are the Hypotheses of the study-

1. The financial performance of dairy co-operatives in Nagaland is satisfactory.
2. There is no positive impact of dairy cooperatives on the socio-economic condition of the members.

For the present study both the primary and secondary data were collected. In order to study the performance of DIMUL, Balance Sheets from 2004-05 to 2008-09 were collected from DIMUL office and ratio analysis method was adopted. For
studying the performance of Primary Dairy Cooperatives under the control of DIMUL, due to lack of proper books of Accounts, one schedule was prepared for the Secretaries and the other was for the members of the primary dairy cooperatives. On the basis of the information given by 162 members and the information received from the Secretaries the financial performance of the primary dairy cooperative such as sales, procurement, etc., were estimated and analysed.

The Socio-Economic profile of the members, problems and the impact of dairy cooperatives on the socio economic condition of the members are analysed by the information supplied by 162 members as mentioned earlier.

The secondary data were also collected from books, journals, various reports, web-sites, etc. Diagrams and graphs were incorporated for making the relevant data more fascinating.

The whole study is divided into six thematic chapters as given below-

1. Introduction.
2. Review of Literature
3. Profiles of the Study Area
4. Financial Performance of DIMUL and Primary Dairy Co-operatives
5. Socio-Economic Development of the Members of Dairy Cooperatives
6. Summary of Findings, Conclusion and Suggestions

It is seen from the review of literature that there are a good number of studies on dairy cooperatives in India. But only a few studies are there on dairy cooperative of Nagaland state. No detailed study has been conducted recently in order to ascertain the functioning of the Federation, Union as well as that of primary Co-operative Societies. There is not a single study to measure the performance of
primary dairy cooperatives and examine the impact of dairy cooperatives on the economic condition of the farmer members after the formation of DIMUL in Nagaland.

Agriculture is the mainstay of the people of Nagaland. 65 percent of the working population of Nagaland depends on Agriculture and allied activities. Allied activities consist of livestock rearing and animal husbandry which play a very important role in the overall economy of the state. Besides providing supplementary income, the sector generates gainful employment in the rural sector, particularly for the small and marginal farmers and less privileges and socially disadvantages strata of the society. Animal husbandry and Veterinary Services provides some important facilities to the dairy farmers to bring a change in the Dairy Sector.

DIMUL plays an important role for procurement, processing and marketing of milk and milk products. The total sale of various products of DIMUL in the year 2008-09 was Rs 432.50 lakhs. In the same year the quantity of toned milk sold by DIMUL was 13.40 (Lakh litres), lassi 1117.52 (‘000 cups), dahi 262.92 (‘000 cups), ice cream 428.65 (‘000 cups) and cattle feed 186 (MT). The ratio analysis technique was adopted to evaluate the performance of DIMUL with another similar type of UNION of Tripura namely, Tripura Cooperative Milk Producers’ Union Limited (TCMPU Ltd) is also compared to reach a conclusion (Appendix-I). The number of dairy cooperative societies and the number of members have been gradually decreasing. Due to lack of proper records their performance is estimated. The services provided by these cooperatives to their members are also inadequate and irregular.
There are some problems of dairy cooperatives. These are low procurement price of the milk, irregular services, lack of incentives, shortage of green fodder, etc.

**Some of the important findings based on the study are given below**-

1. As per Table 3.20 (Chapter 3) total dairy cooperative in Nagaland increased from 139 in the year 2005-06 to 144 in the year 2008-09, an increase of 5 DC over the period of 4 years. But the number of functional cooperatives in Nagaland is much less than that of what record speaks. As per my field study only 9 DCS are functioning under DIMUL and out of these 9, the condition of two DCS namely Charity and Medziphema DCS are very disappointing.

2. The Per Capita availability of Milk in Nagaland was only 66 (gm/day) for the year 2008-09 as against 258 gms of India as a whole.

3. There is discrepancy in the records published by DIMUL. For example, the Annual Reports of 2004-05 and 2008-09 show different figures regarding the number of cooperatives and number of members in the year 2002-03. The Annual Report of 2004-05 revealed that in the year 2002-03, the number of DCS was 76 and membership was 3108 but, the Annual Report 2008-09, indicated the figures were 78 and 3158 respectively.

4. The number of DCS and the total members of DCS in Nagaland have been decreasing. For example, as per record, DIMUL had 80 Dairy Cooperative Societies organized in the year 2004-05 and in the year 2005-06, it came down to 44. The main reason for this decrease of DCS was that a great number of dairy cooperative societies were organized but never registered and functioned properly. Actually only 9 DCS are functioning under DIMUL in the year 2008-09. The total members of DIMUL have reduced to 1870 in
the year 2008-09 from 3220 in 2004-05, thus registering a decrease of 42 percent.

5. The procurement of milk by the DIMUL in the year 2004-05 was 11.25 lakh litres but there was a sharp fall in the procurement of milk in the year 2008-09 of 8.53 Lakh litres, a fall of 24.18 percent during the five years.

6. The total sale of various products produced by DIMUL has increased from Rs 267.77 Lakhs in the year 2004-05 to 432.50 in the year 2008-09. Thus a paradoxical situation emerges; whereas milk procurement is decreasing but the sale is increasing. The reason of this situation as learnt from the official of DIMUL is that DIMUL now-a-days purchases powder milk from a firm based in Chennai to meet the shortage of supply of milk and growing demand of milk product.

7. DIMUL has not paid any dividend to its shareholders during the study period but TCMPU was regular in payment of dividend during the study period.

8. From the Table 4.2.8, it is revealed that 12 ratios are in favour of DIMUL against 5 in case of TCMPUL. So, DIMUL is doing better than TCMPUL but as mentioned earlier that there is marginal fluctuations of different ratios. Some of the expenses ratios such as cost of goods sold and administration expenses ratios were showing a high trend. So there is no significant improvement in the financial performance of DIMUL over the period of time.

9. There is no proper and scientific system of book keeping in the DCS.

10. The milk collection of the two dairy cooperatives namely NITO and Azapeni have been reducing; another two namely-Charity and Medziphema with
minimum active member have been struggling for their survival and rest only three Bhola, Valley and Kikhruru which are doing fair.

11. The cost of production of milk has been increasing due to withdrawal of some of the services by the UNION.

12. Chapter III of Assam Cooperative Societies Act 1949 which contains the rights and liabilities of members of registered societies, Section 16 states that no member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or by-laws. [http://aasc.nic.in/Acts]. It is revealed from the field study that 41 percent of the respondents got the membership right without subscribing to the share capital.

13. It was revealed that many of the producer members were illiterates (37.64 percent) or only had education upto primary school pass (33.33 percent).

14. It was also important to state that even after 26 years of the establishment of the dairy industry in Dimapur district, it was found that only 37 (23 percent) of the active members are from Naga community. Nepalese (Nepalese) constitute 71 percent of the total respondents. Thus, cooperative culture is yet to spread among the local Naga people.

15. There was one respondent who was of the age group of below 18 years and considered as a member of a dairy cooperative. As per the Assam Cooperative Act of 1949 implemented in Nagaland that no person can be a member of a registered society if he is less than 18 years of age.

16. The maximum numbers of members are of the age group of 19-40 years,
constituting 57 percent. It can be also seen that only 42 percent of the respondents of the age groups of 40 above are members of the dairy cooperatives.

17. Out of 162 respondents, 129 were male which constituted 81 percent whereas 30 respondents belong to female category constituting only 19 percent. Azapeni was the only functional women dairy cooperative society having 23 active members out of total 30 female respondents.

18. 23.45 percent of the member-respondents has improved their land property, level of income of the family increased from Rs 32,013 to Rs 45847, 77 percent has financial condition has improved, etc. Moreover, the affordability of some members education and health service of the children and family members has also improved.

19. Due to some of the problems like low procurement price, irregular and inadequate supply of fodder, lack of market information, etc., the satisfaction level of many members is low.

In fine, it can be concluded that traditionally the Naga people were meat eaters. They did not consume milk. But after independence, more particularly after 1960s, many of them gradually started consumption of milk and due to the blessings of Operation Flood Programme in other parts of the country, dairy cooperatives also started functioning in Nagaland. The subsidy elements and easy bank loan on the one hand and prospect of dairy farming on the other hand, motivated many farmers to join the dairy cooperatives. Due to various problems faced by the cooperatives some of them are not functioning properly. The dairy cooperative in the state of Nagaland is yet to take the leap to motivate its members to bring in real Socio-Economic
development of their family. The dairy cooperatives has not yet benefitted the rural people significantly due to the self interest of a section of people and mismanagement of the cooperative societies, to a large extent. However, the involvement of the Naga people in dairy cooperative movement has been increasing significantly. Majority of the milk producers in Nagaland are agricultural labourers. Dairy is considered as their secondary occupation. By proper planning and motivation, it is possible to bring white revolution in the state.

The following suggestions are put forward for the improvement of the dairy cooperatives of Nagaland.

1. Efforts are to be taken for increasing the involvement of the members in the cooperative. Special membership drive and awareness programme may be organised for increasing the number of active members of the cooperatives. This will raise the per capita availability of milk in the State. Naga people in earlier times did not take milk. People may be informed by advertisement and organising seminars about the nutritional value of milk and milk products.

2. There is utmost importance of authentic data for research purposes. The responsibility of publication of correct data should be rested on the responsible officer concerned and after proper verification the facts and figures should be published.

3. The number of DCS and members have been decreasing. This is very unhealthy sign. Some times people join in the cooperative for subsidy and other benefits. Many do not join the society to improve their real economic condition by hard labour. Proper demonstration of case studies of some entrepreneurs of dairy cooperative of Nagaland may motivate others to
involve actively in the cooperative work.

4. DIMUL has a low inventory turnover and organisations must improve its inventory position by clearing the stock as they are of highly perishable nature. Debtors Turnover Ratio, DIMUL must keep ready cash by enforcing strict collection of its dues from the debtors within limited period of time. Creditors’ Turnover Ratio, DIMUL must clear the dues of the creditors within limited period of time so that it can maintain a good image with the outsiders. DIMUL has to improve its working capital position because of the type of products it deals with. DIMUL must cut down some of its administrative expenses to bring down the administration cost. DIMUL must spend on advertising to augment the sales.

5. DIMUL should take proper steps for the distribution of surplus money as dividend after allocation to the various reserve fund.

6. There is a need for maintenance of proper books of accounts and keeping of records properly. Primary Cooperative Societies must be regularly audited.

7. The Primary Cooperative Societies are not running as per rules and regulations. At the time of acceptance of membership, application rules and regulations must be followed so that problems of underage members and excess membership fee do not arise.

8. Workshop may be arranged for spreading cooperative education among the masses so that the illiterate people benefit significantly.

9. The incentives must be given for starting women cooperatives.