Organisational Set-Up & Functioning of
Erode District Co-Operative Milk
Producers’ Union Limited
CHAPTER – II

AMENITIES PROVIDED BY AAVIN MILK TO ITS CONSUMERS’

DAIRY SCENE IN TAMIL NADU

Tamilnadu has a geographical area of 13 million hectares and has 13.5 million bovine population. The population density is 372 persons/Km as against 104 bovine /Km.

The first Co-operative diary was setup at Chennai city during the year 1927. The state Dairy Development in the state was established in 1958.

The first modern Dairy plant with a capacity to handle 50,000 litres Per day of pasteurized milk was established in the year 1963 at Madhavaram near Chennai with the aid from Newzealand. A dairy to handle 50000 litres of milk per day was setup at madurai with the assistance of UNICEF in 1967.

The state department for dairying started milk procurement through organized village co-operatives in the year 1962. The system consisted of supervised milking at the village level and transport of the raw milk in aluminum cans through hired transport vehicles to milk chilling plant or directly to the dairy the farmers were paid on volume basis for the milk purchased with different price structure for cow milk and buffalo milk.

The societies advanced loans to the farmers for purchase of milk animals. Under the five-year plan of the state government a number of pasteurization plants were setup in the co-operative sector in major towns. The milk procurement during 1972 was around 0.60 LLPD against the present procurement of 15.56 LLPD.
In 1978, a three tier system of state level federation, district level unions and village dairy co-operatives was setup in TamilNadu. Four ultra modern Feeder Balancing diaries located in Salem, Erode, Krishnagiri and Madurai provide excellent facilities for the efficient conversion of milk into dairy products during the flush seasons.

TAMILNADU

- Annai sadya – Tiruchirappalli DCMPO - 120
- Coimbatore DCMPU - 100
- Dharmapuri DCMPU - 150

HAT SUM MILK FEED LIMITED

- Madurai DCMPU - 200
- Erode DCMPU - 300
- Salem DCMPU - 400
- TNCMPF Ltd, Ambattur
- TNCMPF Ltd, Sholinganallur - 200
- Tirunelveli DCMPU - 100

ORGANISATION

About the Federation

Dairy sector has assumed much significance by generating income not only to the rural but also to the urban and semi-urban population in the state especially to women folk by providing self-employment opportunity. Milk and milk products provide essential nutrition to all walks of life. It provides livelihood to millions of small and marginal farmers in the state. Tamilnadu is an agricultural oriented State and majority of the farmers owns cattle. Dairying provides the main source of income next to agriculture. In a tropical country like India, agriculture may fail sometimes, due to monsoon failure but dairying never fails and gives them regular, steady income.
The State Dairy Development Department was established in 1958. The administrative and statutory controls over all the milk cooperatives in the State were transferred to the Dairy Development Department on 1.8.1965. The commissioner for Milk Production and Dairy Development was made as the functional Registrar under the Tamilnadu, Cooperative Societies Act. With the advent of 'Anand pattern' in the State of Tamilnadu, Tamilnadu Co-operative Milk Producers' Federation Limited was registered on 1st February 1981. The commercial activities of Development such as Milk Procurement, Processing, packing and sale of milk to the consumers etc., hitherto dealt with by the Tamilnadu Dairy development Corporation Ltd., was transferred to the newly registered Tamilnadu Co-operative Milk producers' Federation Ltd.

In the wake of liberalization policy, private dairies have entered in the field of dairying. As per the direction of Hon'ble Chief Minister of Tamilnadu high priority has been given for improving the performance of Co-operatives by adopting a systematic approach and proper strategy implementation in Milk Co-operatives. Milk Producers' Cooperative Societies, Unions and Federation in the State of Tamilnadu have made significant achievement.

TWO FOLD OBJECTIVES OF THE DAIRY DEVELOPMENT DEPARTMENT

1. Assure a remunerative price for the milk produced by the milk producers' societies through a stable, steady and well organized market support.

2. Distribution of quality milk and milk products at reasonable prices to the consumers.

Bearing the above two objectives in mind, the following major multifarious activities are undertaken by the Dairy Development Department.
Provision of free veterinary health cover to all animals owned by the members of milk cooperatives, implementation of Artificial Insemination Programme, supply of balanced cattle feed and inculcation of farmers with the modern animal husbandry methods and practices.

All activities, which are essential for the upgradation of the milch animals and improving their productivity in the long run, are also to be imparted on them.

Provision/creation of necessary infrastructure facilities for the enhancement of procession and marketing has been made by way of establishing new chilling centers, pasteurization plants and adoption of modern marketing system in order to supply quality milk to the consumers.

3. DEPARTMENTAL SET UP

The Commissioner for Milk Production and Dairy Development is the Head of the Dairy Development Department in Tamilnadu. He is Functional Registrar in respect of Dairy Cooperatives. He is also the Ex officio Managing Director of the Tamilnadu Cooperative Milk Producers' Federation Ltd., The Commissioner for Milk Production and Dairy Development exercises all the statutory powers with regard to the registration of societies, supervision, inspection, inquiry, disputes, liquidation of milk cooperatives including the District Cooperative Milk Producers' Unions and Federation under the relevant provisions of the Tamilnadu Cooperative Societies Act 1983 and Tamilnadu Cooperatives Societies Rules 1988. In discharging the statutory functions, the Commissioner for Milk Production and Dairy Development is assisted by the Deputy Milk Commissioner (Cooperation) in the rank of Joint Registrar of Cooperative Societies and a Deputy Registrar at the powers of the Functional Registrar.
FUNCTIONS OF THE DAIRY DEVELOPMENT DEPARTMENT

The main functions of the Dairy Development Department are Organization of societies, registration of societies, supervision and control of primary milk cooperatives, District Cooperative Milk Producers Union and Tamil nadu Cooperative Milk Producers Federation.

The Dairy Development Department exercises statutory function – like Inquiry, Inspection, Surcharge and Super session, appointment of special officers liquidation and winding up of dormant Societies etc. The Commissioner for Milk Production and Dairy Development, Deputy Milk Commissioner (Co-operation), and Circle Deputy Registrars (Dairying) are vested with quasi-judicial powers in respect of settlement of disputes, appeal, revision and review under various provisions of Tamilnadu Cooperative Societies Act 1983 & the rules made there under.

INTRODUCTION TO AAVIN MILK

Aavin is a stable feature of goodness in every household. For over 15 years, the Tamilnadu co-operative milk producer's Federation Ltd., in Chennai has been servicing the growing dairy product requirements of families all over India. Aavin has got entered in the 21st century with a delicious gamut of hygienically prepared dairy products from the state of the art production plants from all over the state bringing together and utilizing the finest milk from 17 district co-operative producer unions.

THE DAIRY OPERATIONS

Roughly 10,182 village dairy co-operative societies made up of 24.5 Lakh dairy farmers pour milk every morning and every evening. In order to process the milk and send it for further processing and marketing to the other 26 dairies the milk is speedily and hygienically transported to 41 milk chilling centers located at strategic locations in the state.
182 road milk tankers and 20 rail milk tankers approximately 16.00 lakh liters of milk each day. The current processing capacity amounts to 20.59 lakh liters per day. 22 lakh consumers are supplied with milk twice a day. The federation counts 7000 employees with all these activities. Aavin's 2003-2004 sales turnover touched Rs.234.75 crores with a prosecuted profit of 6.59 crores.

AAVIN DAIRY PRODUCTS

The existing Aavin dairy product range is divided into three broad areas.

TETRAPACK ITEMS

Manufactured in Aavin newest ultra-modern processing plant and packed in a germ-free aseptic 200ml and 1 litre tetra packs which have an astonishing 180 days shelf life, this export-oriented range of products includes, milk, skimmed milk, flavoured milk, standardized milk.

UTILITY ITEMS

From the feeder balancing dairies in Salem, Erode, Dharmapuri and Madurai come the delicious range of dairy products which serve as a quality base ingredient for any cooking any preparation; butter (Cooking and tables), purified ghee, khoa (Sweetened & un sweetened). Also available from the sooty dairy is cheese in a variety of flavour and range of packagings.
FUN PRODUCTS

Confined at present to the state of Tamilnadu, Aavin brings yummy treats for young and old alike. Sixteen varieties of Ice-cream, yogahort and kalakand.

These products are made of fresh, tasty, natural ingredients processed in sophisticated plants.

AAVIN OBJECTIVES

➤ Promoting impeccable dairy development and providing efficient milk products services in India and abroad.
➤ Assuring union milk producers of a remunerative steady and streamlined dairy market support system for their product.
➤ Distributing reasonably priced prime quality dairy and milk products to consumers and food processing companies wherever they may be.
➤ With 6.30 lakh litres made available daily by the district milk unions to their respective area Aavin brings hygienically-prepared milk to even the remotest villages.
➤ With the surplus milk, Aavin 'flows' it into a delicious selection of dairy products delicious set to delight the palate and ensure vitality-packed health.

EARNINGS OF AAVIN

Federation both in Tamilnadu and other states markets Aavin products. In Tamilnadu and other states, in Tamilnadu especially in the Chennai metro the marketing activities are carried out through outlets and wholesale dealers appointed by the federations. In other states, the federation appointed C & F agents is handling the activities.
This product wing is working on profit center basis. On an average the federation marketing 24 crores worth of products every year through metro channels and 25-30 crores in the Northern branches.

THE CHANNEL-WISE EARNINGS ON SALES VALUE ARE AS BELOW

<table>
<thead>
<tr>
<th>S.No</th>
<th>Place</th>
<th>Channel</th>
<th>Profit</th>
<th>Monthly Avg. Total</th>
<th>Profit/Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tamilnadu</td>
<td>1. Parlors (Fedn)</td>
<td>16%</td>
<td>19.00</td>
<td>3.04</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Parlors (Pews)</td>
<td>10%</td>
<td>26.00</td>
<td>2.60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Parlours (Ex-servicemen)</td>
<td>12%</td>
<td>4.00</td>
<td>0.48</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. ROS</td>
<td>10%</td>
<td>54.00</td>
<td>5.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Wholesales</td>
<td>6%</td>
<td>88.00</td>
<td>5.28</td>
</tr>
<tr>
<td>2.</td>
<td>Tamil Nadu District unions as whole sales</td>
<td></td>
<td>6%</td>
<td>5.00</td>
<td>0.30</td>
</tr>
<tr>
<td>3</td>
<td>Other C &amp; F agents states</td>
<td></td>
<td>5%</td>
<td>182.00</td>
<td>9.10</td>
</tr>
<tr>
<td>4</td>
<td>Bulk Sales Direct by Fedn</td>
<td></td>
<td>4%</td>
<td>65.00</td>
<td>2.60</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>443.00</strong></td>
<td><strong>28.80</strong></td>
</tr>
</tbody>
</table>

MARKETING DIVISION

Deputy manager, marketing who is responsible for the day-to-day running of the division, heads the marketing division. He is responsible for the organization and policy matters of the division. Under the Deputy manager, there are two Assistant managers under whom a superintend an assistant and a junior assistant will be working.
THE MAIN OBJECTIVES OF MARKETING DIVISION

- Develop a market for ensuring real and economic outlets for company's product.
- To continuously monitor customer preferences
- To ensure that the required kinds of processed milk are available to consumers in time.
- To develop new products to suit the changing requirements.
- To maintain harmonic relation with the company.

CHANNELS USED BY AAVIN

There are two distribution channels through which milk is marketed in the district.

1. One channel is co-operative institutions and private agencies under this;
   - Erode milk consumers' co-operative society
   - Bhavani milk consumers' co-operative society.
   - Komarapalayam milk consumers co-operative society.
   - Gobi co-operative stores.
   - Perundurai sanatorium society.

2. Apart from this private agency are appointed in various places in the district as Aavin Milk distribution channels.
DISTRIBUTION OF MILK

The Erode union produces milk packets and distributes milk through the lorry to milk booths. The milk selling time in the morning is from 4.30am to 7.30am and in the afternoon it is from 1.30pm to 3.30pm.

SALES PROMOTIONAL DETAILS

- Aavin milk is the very large selling branded milk in Tamilnadu. Its responsibility is not only to sell the products but also to sell according to the consumers preference. Aavin has taken various promotional tools.
- The Aavin has tried and achieved the patronage from many hostels, institutions and canteens so that it can supply milk regularly to them.
- Increased the selling time in main places.
- The Aavin has been advertising its products through mass media i.e., boards, wall paintings, exhibitions, posters, Newspapers, Advertisement, Radio advertisements.

Many whole sellers have been appointed in many places by the federation of the Aavin to sell the Aavin milk products.

PROFILE OF THE DAIRY

Milk and milk products play a pivotal role in the country's agricultural economy, being the first largest contributor to the gross agricultural produce. India's annual milk production crossed the 30 million tonnes mark in 1980, the 50 million tonnes mark in 1990. The 86 million tonnes mark in 2000 AD when India ranked as the world's number one milk producer.
The credit for this phenomenal increase in milk production goes to millions of small dairy farmers spread over 50,000 villages, who have been energized through co-operatives and other institutions, a modern miracle in its own right constituting 75% of the total population in some 80 million from household consisting largely of rural poor with an annual income of less than Rs.3800/- family.

DAIRY INDUSTRY PROFILE 2004

- Human population 1000 million (90 million daily farmers)
- Average annual growth rate (2000-2005): 7.6% per capita.
- Milk animals: 57 million cows, 39 million buffaloes.
- Value of output of Dairy industry: Rs.105000 crores.
- Milk production is 53,900 (1000 tonnes milk input is 32)
- Total milk availability is Rs.51532.

PROFILE OF THE ERODE DISTRICT CO-OPERATIVE MILK PRODUCERS UNION LIMITED (EDCMPUL)

The Erode District co-operative milk producers Union Limited (EDCMPU) simply known as diary is a milk producers oriented organization in Erode. It was established in 1975. The EDCMPU is in the middle of a 3-tier structure comprising of the apex state level federation at Chennai, the district level unions and the primary co-operative societies at the village level. It is one of the leading co-operative milk producers unions in India. It is situated near by "sri vasavi college", in Erode. Its total area is 65 acres and national Dairy Development Board (NDDB) training center occupies 10 acres of this and it has been functioning since 1.7.1976.
The Erode union is collecting milk of 150000 litres per day from 665 milk producers co-operative societies through 39 milk routes. Out of the total collection of milk 63000 litres are sent to Chennai and 52000 litres are procured and distributed in Erode District. This organization is being run with 534 permanent employees in 19 sections.

The Erode union has two functioning plants i.e., one is the “feeder Balance dairy” (FBD) which was formally inaugurated on 10th November, 1981. The FND is located in the main campus. The other one is the plant for manufacturing the cattle feed located in Erode. The union also owns a milk powder plant with a capacity of 40 million tonnes per day. Further it manufactures 12 million tonnes of ghee per day.

CHILLING CENTRES

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sankarandampalayam</th>
<th>Sathiyamangalam</th>
<th>Thalavadi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outlay (Rupees in lakhs)</td>
<td>82.25</td>
<td>24.80</td>
<td>10</td>
</tr>
<tr>
<td>Capacity (litres 1 day)</td>
<td>50,000</td>
<td>30,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

The varieties of tasks in various fields are being achieved through different units.

CATTLE FEED PLANT

This plant is situated at Erode. The members in the milk producers co-operative societies at the village level have cows and buffaloes. They have to feed the cattle. So this society supplies cattle feeds to the members in concession rates. This plant produces the feeds up to 100 tonnes per day.
VETERINARY SERVICE

The union provides medical facilities to protect and treat the cattle of its members from various diseases. The case a disease emerges, the medical team in the union will attend the case immediately and give proper treatment.

MILK PROCUREMENT IN ERODE DAIRY

In 2000 on an average of about 1,97,902 litres of milk was procured per day from 706 primary co-operative milk producer societies in Erode district. The period between May and October is called lean season due to the fact that the production of milk is very low and the period between November and April is the fresh season, in which season the production of milk is high. The following chart shows the details of quantity of milk procurement per day, the growth of functional societies and sale of milk in the market. Total number of staff numbers at present is 590 including the doctors, managers, deputy managers, assistants and others. Now the society is procuring the milk from 776 societies in Erode District.

STATEMENT OF THE MILK PROCUREMENT, PRODUCTION

<table>
<thead>
<tr>
<th>Year</th>
<th>2001-2002 (Rs)</th>
<th>2002-2003 (Rs)</th>
<th>2003-2004 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Procurement</td>
<td>197902</td>
<td>11719</td>
<td>71923</td>
</tr>
<tr>
<td>Whole milk from other union</td>
<td>2187424</td>
<td>3532</td>
<td>128211</td>
</tr>
<tr>
<td>Skim milk from other union</td>
<td>180038</td>
<td>11662</td>
<td>121915</td>
</tr>
</tbody>
</table>
## MILK PRODUCTS

<table>
<thead>
<tr>
<th>Milk products</th>
<th>2001-2002 (Rs)</th>
<th>2002-2003 (Rs)</th>
<th>2003-2004 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity Process</td>
<td>200548</td>
<td>220338</td>
<td>172358</td>
</tr>
<tr>
<td>Butter</td>
<td>3222</td>
<td>997</td>
<td>5281</td>
</tr>
<tr>
<td>Ghee</td>
<td>3552</td>
<td>1789</td>
<td>8105</td>
</tr>
<tr>
<td>Skim milk powder</td>
<td>2631</td>
<td>1571</td>
<td>6469</td>
</tr>
</tbody>
</table>

## CONCLUSION

Aavin milk products are widely patronized by the customers not only in Tamil Nadu but also in other states. Erode District Co-operative Milk Producer's Union Limited's functioning is also aimed at serving the milk consumers in a better way in and around Erode District and its existence is proved to be inevitable.