CHAPTER-IV
Co-operative Milk Unions

Ensure me a good panchayat, a good school and a good co-operative society: I will ensure you the Ramarajya so said Jawaharlal Nehru, former Prime Minister of our country signifying the importance of co-operation to our sub-continent. In this chapter a perspective view of the growth of Co-operative Milk Unions is presented.

4.1. Origin of co-operative thought

Ever since the Vedic age the concept of co-operation as a spirit has been a pivot of our social behaviour. The concept has been there right from the ancient times. Mention of this concept and its utility has been made even in the world’s oldest scripture “Rigveda”. It was recognized as an instrument for social transformation. The spirit of co-operation can be seen in the following verse as enunciated in Rigveda:

“Common be the Prayer; Common be your end,  
Common be your Purpose, common be your deliberations,  
Common be your desire, unified be your hearts,  
Unified be your Intension,  
Perfect be union amongst you”.

Mention of co-operative thought is also made in Kautilya’s Arthashasthra. He maintains that whoever stays away from any kind of co-operative undertaking shall send his servants and bullocks to carry on the work, shall have a share in expenditure but none in profit. The concept aims at common good to common man in organizing themselves for their mutual betterment. “It stands for justice, equality and fair play as between man and man and its one great aim is to prevent exploitation of the weaker by the stronger”. 
The co-operative movement has originated out of the growing needs of the people. It is the basis of human civilization. The inter-dependence and mutual help among human beings have been the imperatives of social life. Hence, working together is as old as human society. The germs of co-operative ideas had prevailed ever since the dawn of civilization, but the modern concept of co-operation is in no way a continuation of ancient co-operative ideas. There appears to be no link between ancient and modern concept of co-operation which originated in 19th century. The modern concept aims at equality and eradication of poverty and distributive justice. The origin is the outcome of growing needs of the people and owes its beginning “to poverty and the desire for some way out of all the distress and hardships that poverty entails”.

4.2. Principles of Co-operation

Co-operation is, of course the basic social process. Whenever we work together or aid or facilitate each other, even at the most simple task, we are ‘co-operating’. Whenever we speak of the co-operative movement, we conceive of a more formal organization of people with similar ideals, consciously working together for common aims and guided by a set of principles.

The modern formal co-operative movement dates from 1844 when twenty eight weavers of Rochdale came together with a capital of one pound each to open a small retail shop. They adopted a set of rules which were later known as the Rochdale Principles and which today effectively guide the philosophy and conduct of co-operative societies all over the world.

This international co-operative alliance, on the request of international conference held at Bournemouth in 1963, appointed a commission and it
recommended that the following should be considered as essential and genuine co-operative principles:

1. **Voluntary, open and active membership:** Membership of co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination to any person possessing requisite qualification for being a member.

2. **Democratic control:** Co-operative societies are democratic organizations. The management of co-operative societies are administered by majority vote. The supreme authority in a co-operative society vests in its general body. Each member present at general meeting is given only one vote irrespective of the number of shares held by him. The managing committee carries on day-to-day administration under the powers derived by it from the general meeting.

3. **Limited interest on share capital:** Share capital should receive only a limited rate of interest. Hence, dividend on share capital is restricted under the co-operative societies act.

4. **Patronage divided:** Surplus or savings out of the operations of society belongs to its members and be distributed in a manner to avoid one member getting extra at the expense of other. Therefore, surplus of the society should be distributed amongst its members in proportion to the transaction of the members with the society.

5. **Promotion of education:** Co-operative societies should make provision for imparting education to their member-employees and co-operative workers on the principles of co-operation.

6. **Mutuality:** All Co-operative societies should actively Co-operate with other co-operatives at local, district and national levels.
The basis of co-operation is thrift, self-help and mutual help. Co-operative societies should encourage the habit of thrift amongst its members. Thrift supplies working capital to the societies. A loan taken by member should be utilized only for productive purpose and should not be spent for wasteful purposes, like marriages etc., The essence of Co-operative movement is that the people take the management of their affairs into their own hands.

The underlying idea of mutual help is that, by joining together farmers create a valuable security and strength which none of them posses as individuals. By coming together and organizing themselves into a society, farmers gain advantages which are ordinarily available to the rich, and thereby can eliminate middlemen and protect themselves against exploitation.

Co-operative society is a uniting force for isolated, weaker, poor and marginal farmers. Co-operative movement owes its origin to poverty and exploitation of farmers and awareness and keen desire to find a way out of exploitation and misery. Co-operation can subsist only if members gain something more than they could get without it.

4.3. Co-operation - a Succour to Rural Masses

The idea of using co-operation as a means of combating the Indian rural problems was first conceived by Government of Madras which sent Frederick Nicholson to Europe to study the theory and practice of agricultural banking and suggest means by which a similar movement might be started in the Presidency. While touring in Germany Sir Frederick was particularly impressed by the Raiffeisen type of banks which were established on the basis of joint and unlimited liability, restricted area of operation, allocation of certain portion of profit to indivisible reserve fund,
limitation of loans to members, the issue of loans on personal security and administration of society by honorary office bearers. His reports were published in 1855 and 1897. He summarized his conclusions in two words namely “FIND RAFFEISEN”. In other words Sir Fredrick suggested that rural credit society should be started on the basis of Raiffeisen society with genuine enthusiasts in co-operative philosophy. Thus, the seed for co-operative movement was sown in India in 1897. Through this type of credit institutions Sir Fredrick felt that they can go to the succor of farmers and release them from the clutches of dominating money lenders and thus ameliorate the economic conditions of the rural masses.

India is a country of villages. Our farmers have small land holdings. Intensive cropping therefore has been the way of farming. Use of production enhancement inputs went on increasing. Thus the input-output ratio started getting imbalanced. The need of cash was more and more felt to buy inputs. To meet these needs, farmers had to borrow money at a very high rate of interest. Money-lenders exploited the farmers who were poor and in debt.

A large number of farmers of Pune and Ahmednagar areas in Maharasra rose in open hostility against money-lenders in 1879. Subsequently, Land Improvement Loan Act in 1883 and Agriculture Loans Act in 1884 were passed to advance loans at reasonable rate of interest to the farmers.

At this juncture, the Government realized that the Co-operative movement could possibly solve the economic problems of farmers. The government therefore, appointed a committee under the Chairmanship of Edward Law, to make suitable proposal for enacting a separate legislature for co-operative societies. Thus, in 1904, the Co-operative Credit Societies Act was enacted. The Act had however following short comings:

- Only credit societies could be registered
• Classification of societies into urban & rural was unscientific
• It was silent about distribution of profit

Thus, another Act, named “The Co-operative Societies Act” of 1912 was enacted. The Act took care of following institutions like, central banks, supervising unions, and other non-credit societies.

In the year 1919, co-operation became a state subject and fell within the scope of Provincial Legislature. Each Province then started formulating their own Co-operative Societies Acts to suit these requirements. Bombay State had taken the lead by passing the Bombay Co-operative Societies Act in 1925. Other provinces also followed the suit and passed Co-operative Societies Acts as under:

• Madras Co-operative Societies Act of 1932
• Bihar and Orissa Co-operative Societies Act of 1935
• Bengal Co-operative Societies Act of 1940
• Coorg Co-operative Societies Act of 1936.

After Independence the co-operative movement made rapid strides. Government adopted the policy of utilizing the co-operative movement for establishing democratic economic order in the country. The co-operative sector was given an important place in the economy of the country and acted as a balancing factor between the private sector and public sector. With the expansion of the movement after Independence, it became necessary that the co-operative legislation must keep pace with the progress of movement and that there should be uniformity of Co-operative Acts of different States. The Bombay Co-operative Societies Act of 1925 was amended 19 times to suit the changing circumstances.
4.4. Role of Co-operatives

“The iron rule of Bismarck could not achieve, what the silken thread of co-operation could achieve” so are the words of Ottovan Bismarck signifying the impetus to co-operation. In most of the countries of the world, a serious attempt has been made to develop institutional credit for agriculture on co-operative lines, as the co-operative form of organizations are considered as the best agencies for providing credit to farmers. They have been recognized as the major institutions for providing rural credit to the farmers as they satisfy the important criteria for an institutions providing sound agricultural credit. The fundamental postulates of agricultural credit as pointed out by Mr. F.A. Nicholson are (1) absolute proximity of lender and borrower, (2) complete security to the lender as regards the title of the property offered, and (3) safety and facility to the borrower.

The co-operative organizations satisfy the basic conditions of proximity as they can have intimate knowledge of the character and abilities of their members. They can supervise the end use of credit and see that the members employ the money obtained by them in improving the productivity of land. The credit provided by the co-operative agencies is bound to be cheap as they can have very low administrative cost because much of their work is done voluntarily. Thus, if the co-operative institution functions on Nicholson’s postulates, they are bound to revolutionize the agricultural economy of the country.

4.5. Farm Credit Co-operative Movement in Karnataka

The co-operative movement in Karnataka had its beginning in the year 1904-05 in the old Mysore State. It has witnessed many structural changes among which mention should be made of liquidation of central banks in
30s and their re-establishment in 50s. The history of co-operative movement in Karnataka is the history of the development of the state. Karnataka the erstwhile princely State, was under the rule of the Mysore Royal Family. Indeed this was the first princely state to conceive the idea of co-operative institution as an important instrument for rural development, even before it was thought of officially and seriously in British India. Agricultural banks were introduced in Mysore in 1894. It is to be an association of land holders on strictly co-operative principle, not for the purpose of earning any profits but for the purpose of obtaining money by their own united credit and lending it according to the actual requirements of each member to the extent the others have confidence in him.

The purpose of formation of agricultural banks was to obtain credit through united effort, may be for annual requirements of cultivation, purchase of agriculture implements and other inputs or may be for debt liquidation. These banks became very popular and over a period of 4 years 64 such banks were organized. However, these banks did not survive for long due to many reasons like lack of experience, inefficient management, inadequacy of capital, improper supervision, low rate of interest, etc., though this experiment was met with failure, it must be recorded that they are the fore-runners of agricultural co-operative credit movement in this country.

4.6. Early steps towards co-operation

The Raiffeisen concept of co-operation stressed that the movement is by the people and for the people. It was a voluntary upsurge and it was not thrust upon the people by the government of the country. Unlike the co-
operative movement in England, in India the movement is Government sponsored one and not a peoples movement, may be lack of education on the part of our rural masses must have prompted the government to initiate the movement on its own. The co-operative movement has been receiving the government patronage ever since its inception.

As Sir Horace Pluncket put it in his evidence before the Royal Commission on Agriculture “it is not a spontaneous growth but a Government policy”. In Karnataka the movement was under unreserved and unstinted patronage of Royal family of Mysore. An important step in the co-operative movement in Karnataka can be traced to the year 1905 when a group of few individuals in Bangalore wished to form a society with limited liabilities and applied for official recognition of their attempt. The institution was called “The city Co-operative Society”.

Till 1905 the then Government did not had any co-operative legislation. Perhaps the step of a few individuals to form a society of their own, was mainly responsible for enacting the first co-operative legislation in Mysore for the organization of the co-operative society. Indeed the Indian Act of 1904 was the first piece of legislation on co-operation in India. The provincial Government of Mysore passed the co-operative legislation in 1905. But, it made certain important departures from the Act of 1904 in order to ensure greater simplicity in its application to the needs of the State. The Mysore Act of 1905 was made applicable to both Agricultural and Non-agricultural societies. Over a period of time, this legislation has undergone several amendments in the light of the lacuna noticed and the practice problems encountered in dispensation of co-operative credit to the farmers. Several committees have gone into the
working of the co-operative movement in the State and have suggested appropriate, guidelines to put the movement on an even keel.

4.7. Structural Changes

With the growth in the number of credit societies, there arose a need for an agency to finance, coordinate and supervise the affairs of village level societies. Hence in 1910, the Bangalore City Central Co-operative Bank was organized as a financing institution. To begin with, this acted as a financing agency only. With the spurt in the number of societies affiliated to it, it took up the responsibility of supervision, coordination, etc., Further during this period, Mysore Co-operative Provincial Bank was set up with the objective of supervising primary societies. The number of central institutions proliferated with the increase in the number of primary level societies, thus undergoing structural change from time to time. At present there is a three structure in the movement, i.e., village societies, District Central Banks and State Apex Bank.

Lalubhai Samaldas Committee

During the aftermath of I World war the economy witnessed dear money conditions and there was an abnormal rise in the price of the foodstuffs coupled with adverse seasonal conditions and this together affected the co-operative movement. Hence, the activities of the movement during this period were confined to rectification and consolidation. The then Government of Mysore in 1920 appointed a committee under the chairmanship of Sri Lalubhai Samaldas to review the progress of the movement. The committee submitted its report in 1922 and made certain
far reaching recommendations. One such recommendation was the reorganization of Mysore Provincial Co-operative Bank. In tune with the recommendations, the Government acted and reorganized the Bank as an apex institution for the state in the same year. Further, in this period the co-operative movement was extended to the land mortgage sector in order to provide long term loans to the farmers. The co-operative regulation was suitably amended in 1929 with a view to make a provision for the establishment of land mortgage banks on co-operative lines.

**K.S. Chandrashekar Iyer Committee**

The economic depression of 1930s also had its say in slackening the movement. The Government, during this period, instead of enlarging the movement to uncovered areas, concentrated on consolidating the progress hitherto achieved. It appointed in 1935 a committee headed by K.S. Chandrashekar Iyer to investigate the working of the co-operative movement in the State. The committee made many far reaching recommendations, such as the need for establishment of joint marketing societies, regulative and corrective functions besides guidance and control to be in the hands of the state, the mode of usage of funds of co-operative institutions, loaning policies, the role of financing institutions in general and provincial apex banks in particular. Thus, in essence the co-operative movement has undergone the stresses and strains of initial difficulties between 1905 and 1912, the period of consolidation, between 1913 and 1930 and the great depression between 1930 and 1938. The Second World War gave impetus to the growth of the movement. This period witnessed unprecedented growth in co-operative movement. India became independent in 1947. With independence, the
erstwhile State of Mysore became an integrated part of India. The co-operative movement in the State was given a national outlook with political and financial integration.

4.8. Milk Producer’s Dairy Co-operative Societies (DCS)

Farmers owning a milch animal will be a member of village level milk producers’ dairy co-operative society (DCS) and can have a share and committing to pour milk. Each member’s milk is tested for quality and the payment for the milk poured is based on the percentage of FAT and Solid Not Fat (SNF). At the end of each year, a portion of the DCS profit is paid back to each member as a bonus as per co-operative act based on the quantity of milk poured by the member.

The bye-laws of the DCS prescribe that a member must supply milk to a minimum of 180 days in a year. It is also a requirement to contest for the management committee of DCS. DCS is managed and gowned by 9 member committee elected as management committee members. The election to the management committee is conducted through a secret ballot and can be unanimous also. The committee is for the term of five years. The chairman of the management committee has to retire after two and half years and can seek re election if desired to continue for the remaining period. The DCs such formed were called as Anand Pattern or AMUL pattern of Dairy Co-operatives. Responsibilities of the management committee include, amongst others, managing day to day business, milk collection, testing, payment to its members on a regular basis, providing such services as selling cattle feed and other milk production inputs, veterinary care for the animals of its members, artificial insemination and other services that the MPCSU may the DCS to deliver to its primary
members and to safeguard the interest of the members and to fulfill the objectives of the members as prescribed in its byelaws so as to achieve Socio Economic upliftment. The management committee is responsible for management of funds, accounts, audit and profitability of the DCS so that the management of the DCS does not slacken.

The DCS pursuing strict principles of functioning on Anand pattern and principles of co-operation have been making payment to the farmers once a week or once in 10 days. It is a known fact that the income from agricultural crops is uncertain and is seasonal. The money received from the sale of milk to the DCS is assured. It helps the milk producer to spend money to buy cattle feed and maintain the milch animal and the balance is available for sustenance of the family and other basic needs. Even the poorest of the poor find co-operative dairying as a suitable occupation of financial means and social security.

Members of the DCs are generally, the small farmers or the landless labours in rural areas. Most of them are poor, uneducated and their animals are maintained on deprived nutrition and unsanitary hygienic condition. The DCS, with the help of the MPCSU, provides facilities for health management of milch animals and other domestic cattle. The MPCSU trains DCS staff for immediate first aid to the sick animals. For any sickness for which he is unable to provide veterinary help, he contacts the MPCSU for expert services.

4.9. Milk Producer’s Co-operative Societies Union (MPCSU)

Milk producers Co-operative Societies Union (MPCSU) is owned by the village dairy milk producer’s co-operative societies (DCS) and are formed at the districts. It buys all the milk collected at the DCS, processes and
markets in the form of liquid milk and milk products. It also provides a range of inputs and other various services to enhance milk production. The most important one’s are Animal Health Coverage, Fodder development programmes, supply of Balanced Cattle Feed, Mineral Mixture supply etc., trains the DCS staff, committee members of the DCS and provides other necessary consulting services as and when required. The provisions in its bye laws, is governed by its board of directors. The directors are elected from among its members who constitute the Electoral College. Elections are held through a secret ballot and on the principle of one member a vote.

MPCSU owns the infrastructure facilities to serve the DCS as well as add value to the milk it collects. The infrastructure includes chilling centres for a cluster of dairy co-operative societies for immediate cooling of milk. Bulk Milk Coolers for individual society or for cluster of few societies before it arrives to the main dairy plant. Dairy plant process the milk received from the dairy co-operative societies, chilling centres and bulk milk cooler to sell it as liquid milk and its various variants, milk products etc., Emergency veterinary services, periodic vaccination of animals of the members and all technical inputs for improved milk production, genetic improvement of local cattle by artificial insemination by providing frozen semen of bulls of higher pedigree.

The services generated from the infrastructure owned and operated by the MPCSU are provided to the primary dairy co-operative societies on a regular basis. In addition, the MPCSU continues to search for latest technologies and techniques and transfers these to the village level dairy co-operative societies to further facilitate its functioning as well as to increase the productive capacity the animals owned by the farmer. Many of the dairy co-operative societies are being equipped with computerized
system of milk collection, called as Automatic Milk Collection Units (AMCU).

Milch animals, are assets of the milk producer, which are generally under continuous threat of several infectious diseases because of the rural conditions such as poor sanitation, poor management, bad hygienic and ignorance. Occurrence of infectious diseases, epidemics and the hot climatic weather seriously affect the poor by taking a toll on the life of cattle and buffaloes. It is important that formers animals are from such casualties. The MPCSU supports the DCS and its members through mobile veterinary services to the villages on predetermined days and on scheduled time. The members are informed well in advance about the date, time place of assembly of village animals for examination and treatment. The MPCSU veterinarian treats all diseases, including mastitis, helminthes infestations, micro-mineral deficiencies, parasitic infestations, tuberculosis, Para tuberculosis, poxes etc. The veterinarian provides free medicines and give instructions for follow up and further treatment. The veterinarians are sent in the event of an emergency needing immediate veterinary attention or for surgical intervention. This round the clock service is one of the best facility the MPCSU provide to the milk producers at the DCS.

The MPCSU, with the help of the state government, may track occurrence of epidemic diseases through the epidemiological surveillance system. Most epidemics are main cause of large scale mortality and morbidity amongst cattle and buffaloes. It is important to provide regular vaccination to animals against known infectious and contagious diseases like foot-and-mouth disease, rinderpest (now eradicated), Hemorrhagic Septicemia, Brucellosis, Anthrax, Black quarter, Haematoprotezoan diseases, like Thaileriasis bovine Rhinotracheities, acute undifferentiated diarrhea of
newborns. For milk production enhancement, the MPCSU in collaboration with the state federation, has facilities for progeny testing of bulls, implantation of fertilized embryos of high milk yielding females, Open Nucleus Breeding System (ONBS) with multiple ovulation and embryo transfer etc.,

4.10. District Co-operative Milk Unions in Karnataka

All 30 districts of the State of Karnataka are covered by co-operative dairying activity implemented through 13 District Milk Unions. The coverage is: 3 Unions-1 district each, 5 Unions - 2 districts each, 4 Unions-3 districts each and 1 Union - 4 districts. The union functions in two segments.

1. Field activity for scientific and economic milk production & procurement with holistic approach for upliftment of the producers.
2. Processing and marketing of milk & milk products.

In table 4.1 details on Dairy Co-operative Societies in Karnataka is presented.

<table>
<thead>
<tr>
<th>S.NO.</th>
<th>UNIONS</th>
<th>DCS FUNCTIONING</th>
<th>STEP DCS</th>
<th>WDCS</th>
<th>MEMBERS</th>
<th>MEMBER POURERS</th>
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<td>2312</td>
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Source: Complied by Annual Reports of KMF-1987-2008
The presented table 4.1 clearly shows that all the milk unions in the State of Karnataka with regard to Dairy Co-operative societies functioning along with the women dairy co-operatives formed under the STEP programme of government of India. The details include the number of members actually enrolled along with the active members who actually pour milk to the dairy co-operatives. Out of the 13 unions it is only Bangalore, Kolar, Mandya and Mysore they are in a better position than others.

Table-4.2

Union wise Details in the State of Karnataka on Milk Procurement, Average Price Paid to the Members & AI Details as on March 2010

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>UNIONS</th>
<th>PROC/DCS (Kgs)</th>
<th>(Nos.)</th>
<th>AVG.CF SOLD/ MONTH (MTs)</th>
<th>AI DONE (Nos)</th>
<th>AVG.PRICE (Rs.)</th>
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<tr>
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<td>2037828</td>
</tr>
</tbody>
</table>

Source: Complied by Annual Reports of KMF-1987-2008

The above table 4.2 explains the details of average milk collected in the Dairy Co-operatives functioning in the concerned district milk unions. The figures indicate that average milk procurement per DCS in Bangalore and Kolar districts tops the list of 13 milk unions. The co-operative milk unions in Northern Karnataka have not made much progress in attaining the goal.
of higher milk production may be because of the reason that they do not have the cross breed animals as was the case of Bangalore and Kolar. The districts of northern Karnataka are more concentrated on buffalo milk collection and the milk such collected is lifted by the vendors rather than the milk going for dairy co-operatives. It may be seen that the price paid per liter of milk in southern Karnataka is more remunerative than the price paid in northern Karnataka. AI done is an indication of cross breed activities in the concerned milk union. The milk collected through BMC is made use for quality production of products including UHT milk which desire low bacterial count by way of clean milk production. The figures relating to AMC is a part of clean milk production activity wherein the whole process is computerized regarding the quality and quantity of milk poured by each member.

Table-4.3
Union Wise Turnover & Profit & loss A/c in the State of Karnataka as on March 2010

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>UNIONS</th>
<th>Turnover(in crores)</th>
<th>P &amp; L A/c(in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B'LORE</td>
<td>52736.38</td>
<td>317.22</td>
</tr>
<tr>
<td>2</td>
<td>KOLAR</td>
<td>44157.08</td>
<td>220.80</td>
</tr>
<tr>
<td>3</td>
<td>MYSORE</td>
<td>22470.42</td>
<td>380.95</td>
</tr>
<tr>
<td>4</td>
<td>MANDYA</td>
<td>28100.67</td>
<td>681.25</td>
</tr>
<tr>
<td>5</td>
<td>TUMKUR</td>
<td>21982.36</td>
<td>207.50</td>
</tr>
<tr>
<td>6</td>
<td>HASSAN</td>
<td>22300.71</td>
<td>331.</td>
</tr>
<tr>
<td>7</td>
<td>DHARWAD</td>
<td>7257.29</td>
<td>91.54</td>
</tr>
<tr>
<td>8</td>
<td>BELGAUM</td>
<td>6391</td>
<td>50.53</td>
</tr>
<tr>
<td>9</td>
<td>BIJAPUR</td>
<td>4205.87</td>
<td>41.63</td>
</tr>
<tr>
<td>10</td>
<td>GULBARGA</td>
<td>912.57</td>
<td>13.53</td>
</tr>
<tr>
<td>11</td>
<td>DAK.KAN.</td>
<td>23158.74</td>
<td>132.27</td>
</tr>
<tr>
<td>12</td>
<td>SHIMOGA</td>
<td>14692.27</td>
<td>54.65</td>
</tr>
<tr>
<td>13</td>
<td>BELLARY</td>
<td>8747.39</td>
<td>21.68</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>257112.75</td>
<td>2310.12</td>
</tr>
</tbody>
</table>

Source: Complied by Annual Reports of KMF-1987-2008

The above table 4.3 shows the turnover and also indirectly indicates the quantum of milk union has procured and disposed off effectively. It is
evident that again the progress is better made by performing unions like Bangalore, Kolar, Mysore and Mandya when compared to other unions.

4.11. Co-operative Milk Producers Federation

Milk Federation is a co-operative apex body representing organizations of milk producers and implementing all round dairy development activities. The vision and objectives are presented below:

Vision:

- To ensure prosperity of the rural Milk producers who are ultimate owners of the Federation.
- To promote producer oriented viable co-operative society to impart an impetus to the rural income, dairy productivity and rural employment.
- To abridge the gap between price of milk procurement and sale price.
- To develop business acumen in marketing and trading disciplines so as to serve consumers with quality milk, give a fillip to the income of milk producers.

Objectives:

- To ensure assured and remunerative market round the year for the milk produced by the farmer members.
- To make available quality milk and other premier dairy products to urban consumers.
- To build & develop village level institutions as co-operative model units to manage the dairy activities.
- To ensure provision of inputs for milk production, processing facilities and dissemination of know how.
To facilitate rural development by providing opportunities for self employment at village level, preventing migration to urban areas, introducing cash economy and opportunity for a sustained income.

The philosophy of dairy development is to eliminate middlemen and organise institutions to be owned and managed by the milk producers themselves, employing professionals, and ‘Achieve economies of scale to ensure maximum returns to the milk producers, at the same time facilitate wholesome milk at reasonable price to urban consumers’. Ultimately, the complex network of co-operative organisation should build a bridge between masses of rural producers and millions of urban consumers and in the process achieve a socio-economic revolution in every hinterland of the State.

**Organisation Structure:**

The organisation is three tiered on Co-operative principles.

- a. Dairy Co-operative Societies at grass root level.
- b. District Co-Operative Milk Unions at single / multi district level.
- c. Milk Federation at State level.

All the above three are governed by democratically elected board from among the milk producers. Under the direction of elected boards, KMF, various functional Units & Unions are performing the assigned tasks to ensure fulfilment of organisation objectives.
4.12. Karnataka Co-operative Milk Federation (KMF) - A Profile

Karnataka co-operative Milk Federation (KMF) is the co-operative apex body in the state of Karnataka representing dairy farmer’s organization and also implementing dairy development activities. KMF came into existence on 1st May 1984 by federating the milk unions in the state and thus forming the state level apex organization.

The project activities are being implemented by the federation. The main role of the federation will be to market surplus and milk products and to produce and supply centralized inputs. Co-ordination of activities between the union and developing market for the increasing milk production is the responsibility of KMF. Local milk market in the area of union is being organized by the respective unions. Surpluses and deficiencies of liquid milk amongst the member milk unions are managed by the federation. However marketing of products including bulk sales is organized by the federation. The major quantity of milk is sold as liquid milk.

The products are sold under the brand name ‘Nandini’. Marketing of liquid milk and products outside the state is organized by the federation. Balanced cattle field including the bypass field, mineral mixture, frozen semen straws and liquid nitrogen are produced by the federation and supply to the unions. Training and developing senior managerial personnel, acquiring and applying all new relevant technologies, prescribing quality guideline and norms are also the functions of the federation. The objectives of the federation can be grouped as under.

- Providing assured and remunerative market for the milk produced by the farmer members.
- Providing quality milk to urban consumers.
• To build village level institutions in co-operative sector to manage the dairy activities.
• To ensure provision of milk production inputs, processing facilities and dissemination of knowhow.
• To facilitate rural development by providing opportunities for self employment at village level, preventing migration to urban areas, introducing cash economy and opportunity for steady income.

The philosophy of dairy development is to eliminate middlemen and organized institutions to be owned and managed by the milk produces themselves, employing professionals. Achieve economies of scale to ensure maximum returns to the milk producers, at the same time providing wholesome milk at reasonable price to urban consumers. Ultimately, the complex network of co-operative organization should build a bridge between masses of rural producers and millions of urban consumers and achieve a socio-economic revolution in the inter land of the state. In June 1974, an integrated project was launched in Karnataka to restructure and reorganize the dairy industry on the co-operative principle and to lay foundation for a new direction in dairy development. World bank aided dairy development project was initiated in 1975. Initially the project cover 8 southern district of Karnataka Corporation was set up to implement the project.

The multilevel, multiunit organization with total vertical integration of dairy developmental activities was set up with dairy co-operative society at grass root level, milk unions at the middle level and a Dairy Development Corporation at the State or Apex level as an Apex body, vested with the responsibility if implementing Rs 51 crore project. At the end of September 1984 the World Bank aided project ended and the dairy development
activities continued under Operation Flood II. The activities were extended to cover the entire state except coastal talukas of Uttara Kannada District and the process of dairy development was continued in the second phase from April 1984. KMF came into existence in May 1984 as a successor to KDCC. After the closure of Operation Flood II, the dairy development activities which continued under Operation Flood III ended on 31st March 1996.

Organizational Status:

At the end of March 2009, the network of 8363 Dairy Co-operative Societies (DCS) have been organized and are spread over 166 talukas of total 175 talukas in all 27 districts of Karnataka. These societies have been organized into 13 milk unions. The unions are further federated at state level as Karnataka Co-operative Milk Federation. There are 38 chilling centres (Capacity 1249 LLPD), 4 number of farm coolers (Capacity 0.16), 17 number of liquid milk plants and 2 product dairies for chilling and processing (21.20 LLPD conversion (25TPD) and marketing of milk. To supply balanced cattle feed, three numbers of cattle feed plants of 100 TPD capacity each and one plant of 200 TPD capacity with mineral mixture production facility in one unit are functioning. To ensure supply of quality germ plasma, Bull breeding farm and frozen semen bank has been established. To impart training, one Central Training Institute and 3 Regional Training centres are functioning. Three Diagnostic Laboratories have been set up for disease monitoring. Three fodder demonstration farms and one seed production farm are also operating. Out of the above units, 16 numbers of dairies, 2 numbers of product dairies, 3 numbers of training centers and 3 numbers of diagnostic labs are operating under
respective unions. The average procurement of milk touched a peak of 20.28 LKPD in Nov-99. In March 2000 liquid milk sales was the level of 15.2 LLPD. One sale of cattle feed was 110605 tonnes during the year 1999-2000. The turnover of the organization during 1999-2000 was Rs 998.39 Crores.

**Man power Coverage**

The activities encompass about 14.69 lakhs of dairy farmers as primary members of these, the scheduled caste members are 1,49,389, scheduled tribes are 84,849 and women members are 2,86,316 numbers. A total of 5,525 numbers of employees are working in various capacities in all the units of KMF and affiliated milk unions with direct employment. The indirect employment generated thorough various project activities of veterinary services, milk transportation, through trucks and tankers, milk sales through agents, parlours, booths etc. is around 37,000 which covers about 4,500 numbers of milk agents engaging nearly 13,000 of door delivery boys, 1,220 in parlours/booths and above 400 persons in veterinary services. About 830 route contract vehicles directly employing about 1800 people are working in milk transportation. About 16,000 persons are employed as village level functionaries in the dairy co-operative societies. The activity not only improves socio economic status of rural farmers engaged in production activity but also has a multiple effect on the village economy. For that supply of wholesome nutritious milk and importance source of protein for millions of urban consumers is also ensured by the expanding activities of the federation.
Perspective Plan

Karnataka Milk Federation, its Milk Unions and National Dairy Development Board are formulating appropriate strategies in order to meet the challenges particularly after liberalization and de-licensing the dairy sector to develop and strengthen dairy co-operative movement on the following thrust areas.

- Productivity enhancement
- Co-operative Business (Procurement, Processing and Marketing)
- Quality Assurance Program
- National Information Networking

With the view to enhancing and extending dairy developing infrastructure, under KMF’s perspective plan, NDDB is providing finance and requisite support to Karnataka Dairy development up to Rs.250 Crores. Under this plan, it is envisaged to establish another 1500 co-operated societies covering a total of 17.4 lakhs members. The procurement by co-operatives is likely to rise to 25 LKPD and milk marketing 221 LLPD. With additional infrastructure facilities to be created the total processing capacity available will be 2980 LLPD, chilling capacity 5.17 LLPD and cattle feed capacity of 700 MT per day. While the Government was grappling with these problems, a quiet revolution was taking place in the village of Kaira in Gujarat which set up a co-operative to procure process and market milk. In 1973, the Kaira Co-operative Union set up a marketing agency named Gujarat Co-operative Milk Marketing Federation (GCMMF), which follows a three-tier structure at village, district and state level for procuring, processing and marketing milk and milk products. The district units also
provide technical back-stopping to the milk producers and a range of services such as feed, veterinary care, artificial insemination, education and training. These milk co-operatives of Gujarat today own the GCMMF, the largest food products from India and its brand name Amul is known all over the world. This experiment laid the foundation of the co-operative movement in milk production and marketing in India. The federal and egalitarian structure of these co-operatives ensures social and economic equity to the milk producers and is one of the major reasons for its success.