CHAPTER - 1

INTRODUCTION
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As India enters an era of economic reforms, agriculture, particularly the livestock sector, is positioned to be a major growth area. India has become the world’s largest milk producers by producing around 100 MT last year (2005-06). According to an estimation by F.A.O. milk production in India is increased by 4 per cent during the last three years, while the world milk production has gone down by 2 per cent. So, milk is the only enterprise where the farmer realizes 60-70 percent of consumer price – against 20 per cent or so in fruits, vegetables and others\(^1\).

Milk produced on small scale as a secondary occupation by about 70 millions farmers. These small milk producer maintain 54.4 per cent of the bovine in milk and produce 50 per cent of the total milk. The milk production has reached 100 MT in 2005-06, with an estimated annual production of 120.0 MT in 2010. While the target for 2020 has been fixed at 140.0 MT. Dairy India 2007, has estimated the size of India’s dairy sector in 2005 at Rs. 227,340 crore valued at consumer prices. The largest contributor to this is liquid milk (at Rs. 82, 835 crore), followed by ghee (Rs. 22,980 crore), Khoya / Chhana / Paneer (Rs. 24,100 crore), milk powder (Rs. 4680 crore) and other products. Out of the total milk production of 100 MT, 77 per cent is sold as liquid milk, with the balance 23 per cent converted into products. Further, the organized industry handles only 18 per cent or 17 MT of milk, with 36 per cent (34.5 MT) being handled by private dudhias and unorganized

\(^1\) Dairy India, 2007 (Sixth Edition) ; Estimate of production and per capita availability of milk. Dairy India year book ; 472-497.
players and 46 per cent (43 MT) being retained in rural areas. Within the 18 per cent organized sector share, private and co-operative / government dairies handled an equal 8.0 MT each.¹

By 2011, Dairy India 2007 projects the value of industry to more than double to Rs. 520,780 crore, which includes Rs. 159,600 crore from liquid milk, Rs. 42680 crore from ghee, Rs. 50,500 crore from Khaol Chhanal Paneer and Rs. 9,100 crore from milk powder. So, dairying is an important occupation for those living in complex, drought prone and risky environment. Effective control of animal diseases, scientific management of genetic resources, breeding policy, supply of quality feed and fodder, effective extension education, marketing of dairy products, changes in the society and perceptions of various stakeholders on cattle are some of the areas that throw challenges.¹

According to the censuses, the force associated with crop production has fallen from 74 per cent in 1961 to 54 per cent in 2001; as against this the work force in management of animals and milk production has doubled. This shift indicates that rural dairy farming fortify the development and growth of the rural farm and non-farm sector and rural employment. Dairying will receive greater attention for development during the 11th Five Year Plan as this sector plays an important role in generating employment opportunities and supplementing income of landless labourers, small and marginal farmers.²

The country has the largest cattle and buffalo population in the world. According to the latest livestock census, a decreasing trend in the cattle numbers. The reduction in indigenous cattle population from 178.76 to 160.49 million and increase in crossbred population from 20.09 to 24.68 million and buffaloes from 89.91 in 1997 to 97.92 million in 2003, clearly attributes to a greater demand for milk animals. Indian farmers' preference to crossbred cows and buffaloes is revealing. The Government (Central and State) provides loans with subsidy through several development programmes to increase the milk production horizontally. It encouraged transfer of ownership (equitable of cattle) with little or no impact on the total milk production in the country. As a sequel to the implementation of such schemes, the herd size decreased, number of cattle owners increased, some people have got the assets in terms of cows, mortality among animals also increased.3

Currently, 84 per cent of the world's milk production is from cow, 12 per cent from buffalo, 2 per cent from goat and 2 per cent from sheep. In India, 54 per cent of the milk comes from buffalo, 44 per cent from cow and 2 per cent from goat and sheep. In buffalo milk production, India ranks first, producing 00 per cent of the world's buffalo milk. Buffalo is notable for its efficiency in converting coarse feed into rich milk, which is preferred not only for its high total solids content (about 33 per cent more than cow) but also for its high fat content, almost double that of cow.4


The inadequacy of the quality and quantity of feeds in the country has resulted in low productive animals and the deterioration of milk yield. Compared to world averages, the milk yields (per lactation per cow) in India are very low. It is mainly attributed to the low production potential of cows and shortage of feed and fodder resources. It is not possible to accomplish increased milk yields without concomitant increase in the inputs, which include quality feed, and fodders. In fact the area under crop production is decreasing over the years reflecting on substantial decrease in the grain as well as straw yield, which invariably is affecting the livestock production.\(^5\)

The projections made in the report of working group for 10\(^{th}\) Five Year Plan indicated a deficit of about 62 per cent in green fodder, 22 per cent in dry fodder and 64 per cent in concentrates. So, it is also a challenge to develop a mechanism to maintain the supply of quality compounded cattle feed at reasonable prices to the cattle owners.\(^6\)

The main milk producing state in India in order of output are Uttar Pradesh, Punjab, Rajasthan, Andhra Pradesh , Gujarat, Maharashtra, Madhya Pradesh and Haryana, which supply more than 71.24 per cent of the total milk production of the country. But on the basis of per capita milk availability is 898 gm/ day, Punjab ranks first followed by Haryana(643gm/day),Rajasthan (371gm/day),Uttaranchal (365 gm/day),


Jammu & Kashmir (363 gm/day), Himachal Pradesh (337 gm/day),
Gujarat (330 gm/day) and Uttar Pradesh (250 gm/day), respectively.\textsuperscript{7}

It is a known fact that in India “White Revolution” became a reality, greatly due to the dairy co-operative movement, pioneered initially by AMUL (Anand milk union Ltd.). Milk producers union was the first attempt in which it was registered, on formal basis. The co-operative unions formed by the producers co-operatives started introducing technical input for milk production and its extension among the member producers. This organization proved to be most successful in increasing milk production and improving socio-economic status of the milk producers. The strength of this system lies in the fact that the organization is owned by the producers and therefore more responsive to the needs.

The system now popularly known as ‘Anand Model’ has been adopted for dairy development work throughout the country. For the implementation of this task, two institutions namely National Dairy Development Board and Indian Dairy Corporation played a significant role. The whole plan was given the name “Operation Flood”.

The Operation Flood Programme is the world’s dairy development programme. It is distinguished by its involvement of small holders and landless rural milk producers. It aims to create a flood of rurally produced milk, assuring the farmer of remunerative price and ready market and the urban consumer of wholesome milk at stable and reasonable prices. Operation Flood Programme has brought about

great a walking in co-operative culture as a strong strategy for rural development. Given the right impetus and guidance to the milk producers to manage their own dairy, replication of Anand pattern societies in all the states of India is no more a dream. Today dairy industry has brought about silent economic revolution in rural areas by generating greater employment and income opportunities to the farmers and agricultural labourers in their own villages of Meerut district as well as of the Uttar Pradesh state. The dairy co-operative societies have assumed the role of growth centres for villages creating a new scope for socio-economic development.

The first co-operative activity in dairy enterprise in the Uttar Pradesh started with the organization of 'Katra' co-operative milk society in 1917 at Allahabad, Lucknow (1938), Varanasi (1947), Kanpur (1948) and Meerut (1950). To provide effective impetus to the dairy development programme in the state. The state co-operative dairy federation (Pradeshik Co-operative Dairy Federation) was established in 1962. The basic idea was to replicate “Anand Pattern” of co-operative milk societies in Uttar Pradesh. The Operation Flood-I, II and III Scheme were launched in the state in 1970, 1982 and 1987, respectively. At present about 55 district of the states are covered under dairy development programme of co-operative sector. The effectiveness of dairy development is reducing poverty.

Dairy co-operatives are the three-tiered, vertically integrated structure. It also provides cattle feed, veterinary care and artificial insemination whose performance would improve with more emphasis on quality production. There is a decentralised system of decision-
making and the accountability of professionals to members through elected boards. In this system, there is an annual audit of village cooperatives and district unions. Autonomy to unions in fixing milk prices and designing their own marketing system are the added features of co-operatives.

It is well known fact that bulk of milk production in our country is the hands of million of marginal and small milk producers scattered all over the country, who normally lack adequate resources and marketing facilities for the small quantities of milk produced by them. They were not in a position to reach the urban market and receive remunercative price of milk. Several schemes were introduced by the government to meet the demand of whole some milk of the urban consumers. Since the demand of milk has increased with increase in the population. Therefore, there is a need for raising milk production specially through small and marginal farmers to raise their income for their economic development.

THE PRESENT STUDY:

Thus, the need for integrated dairy development was felt from the point of view, of the farmers as well as the national interest. For the farmers establishment of a successful dairy enterprises would mean a higher gainful employment with regular flow of income from the sale of milk. For the nation, dairy development would mean additional milk production in the country, its regular supply to the urban areas and milk processing centers as well as generation of additional employment and income opportunities in the rural areas.
Recognising the need for increasing milk production in the country both central and state government initiated many cattle development programme like- Key Village Scheme (1951) and Intensive Cattle Development Project (1964-65). Integrated Rural Development Programme, National Rural Employment Programme, Rural Landless Employment Guarantee Programme, Special Livestock Breeding Programme. However, these programmes could not make significant on the overall dairy development scenario in the country. Some distinguished institutions and organizations are involved in promoting dairy development in India like Indian Council of Agricultural Research, National Dairy Development Board, National Dairy Research Institute, National Co-operative Dairy Federation of India, Bhartiya Agrobase Industries Foundation, National Milk Grid Scheme, Indian Dairy Association and N.A.B.A.R.D. at national level. Food and Agriculture Organization, World Food Programme, U.N.I.C.E.F. and other similar organization at International level.

In this chain of dairy development, Meerut district was assigned a big role, with establishment of Feeder Balancing Dairy (Gangol Sahakari Dugdh Utpadak Sangh Ltd. Meerut). Since then it is engaged in collection of milk from the village milk producers co-operative societies and its distribution to the consumers alongwith providing technical inputs to the member producers. In 1950, a co-operative milk supply union was organized in Meerut, which started collecting milk from village and supplied to Delhi and local markets. This milk union continued to functioning from April 1978.
Dairy forms an important activity of the rural households. It is carried on mostly as a subsidiary occupation with crop cultivation by the farmers. Any programme which aims at an increased milk production through improved dairying in the area will therefore be extremely beneficial to the entire farming community since it provides a regular and steady flow of income to the family.

Generally, farmers are keeping their animals just to utilize their available resources. They had never taken this as a planned business and not at all in economic way. Therefore, they are not aware about improved breeding, feeding, housing and health management practices. More over, they never tried to calculate the input output relationship for their own hand so that they could get idea for profitable dairy farming alongwith crop farming. They never bothered to maintain input–output records also because primarily they never looked at dairy farming as a business.

It has been realised that dairy co-operatives could be a suitable instrument for a planned development of dairying in the country. Very few comprehensive studies have been reported in India on these aspects. The present study was planned to examine the role of dairy co-operatives in development of milk producers economy in Meerut district of Western Uttar Pradesh. The present study would not only fill in the information gap but would also be beneficial to milk producers. This will also be helpful to the policy makers, planners, administrators and economists in formulating policy for ameliorating and rational adjustment of the policies in the organization and development of dairy co-operatives for the benefit of the milk producers. Keeping in view the
above considerations, the present study entitled - "Role of Dairy Co-
operatives in Development of Milk Producer's Economy in Meerut
District of Western Uttar Pradesh" was undertaken with the following
objectives.

OBJECTIVES:

1. To know the organization and working of Dugdh Utpadak
   Sahakari Sangh Ltd. Meerut.

2. To study the socio-economic status of milk producer's on the
   farms under study.

3. To know the production of milk on the farms under study.

4. To work out the cost benefit ratio in producing milk on the farms
   under study.

5. To estimate the returns from milk production on the farms under
   study.

6. To find out the share of income through milk production in the
   family income on the farms under study.

7. To study the constraints in dairy development on the farms under
   study.