APPENDIX - I

Organisation of Anand Pattern Dairy Cooperative Societies

Village Level Producers' Milk Cooperative Societies:

In the Anand Pattern, a rural cooperative infrastructure is built in villages where milk producers live and keep their milch animals. In order to form a society, the intending milk producers in a village form a proposed society. A milk producer can become a member of the society by paying an entrance fee of Re.1 and purchasing at least one share of Rs. 10 in the cooperative. There must be a minimum of 30-50 members so that the cooperative can start with a share capital of Rs. 300 to 500. A member must sell milk only to the society to which he/she belongs. Members who do not supply at least 500 litres of milk in a year, or for 180 days during a year, lose their voting rights and eligibility to attain any position within the cooperative.

Management

A Managing Committee of nine members is elected democratically by the members of a society in a general meeting. One-third of the committee members retire every year and are replaced in an election by ballot. The Chairperson of the committee retires every year. The Managing Committee sets the village cooperative's policies and appoints its staff including a Secretary, A Milk Collector, a Fat Tester, a Clerk, an Inseminator, an Accountant, and a Helper to perform the
To start with, a union supervisor helps the new society to organize its day-to-day business and to become economically viable in about three months period. It is then recommended by the union for registration with the State Co-operative Department. Every society is constantly guided, supervised and controlled by the union, to keep it strong and viable. There is a continuous and concurrent audit of all the societies on a quarterly basis to ensure a clean business. Apart from this there is an annual statutory audit.

Functions

Every morning and evening, the society buys the surplus milk from its producer-members. The producer is paid for his/her milk usually within twelve hours (when he/she returns to the society for the next collection time). The payment is made on the basis of fat content of milk supplied by individual producer. The union's dairy plant organizes the transport of milk twice daily from all its member-societies.

The producers in this system are not only assured of regular and remunerative payment for their milk but also have access to milk production enhancement inputs to further improve their productivity and income. The micro-level inputs such as veterinary first-aid and artificial insemination are organized by village societies. One staff member of the society is trained for carrying out these functions. In addition,
supply of balanced cattlefeed and sale of fodder seeds are also channelized through the societies.

**Distribution of Profits**

Out of the net profit earned by the society in a year, 25 per cent is contributed to its reserve fund, not exceeding 12 per cent is paid as dividend to the shareholders on the paid-up share capital, and small contributions depending upon the provisions in the State Cooperative Act are made to education fund. Out of the balance, 65 per cent is paid as bonus to the members in proportion to their milk sales to the society, 10 per cent is contributed to cattle development fund, 10 per cent is contributed to charity, 5 per cent to cooperative propaganda, and balance 10 per cent to staff bonus.

**District Dairy Cooperative Union:**

A key element in the Anand Pattern of Dairy Co-operatives is that all registered village milk societies are members of a district cooperative milk producers' union which enables them jointly to own a dairy processing factory and a cattle-feed plant. In order to become a member of the union, a registered society must purchase at least one share of Rs.100 and pay Rs. 5 as entrance fee.

**Management**

The Union is controlled by a Board of Directors consisting of 16–17 members of which 12 are democratically elected from among the Chairmen of the village societies. The remaining five comprise the Union's Managing Director as a member-
secretary, one or two representatives of a financing institution, a representative each of Registrar, Cooperative Societies, and Federation. These five members are not eligible to contest for the post of Chairman who is elected by ballot by the members of the Board of Directors. One-third of the elected Board members retire every year by rotation so that each member functions for three years. This ensures continuity of management.

The general policy for the union is framed by the Board in which is also vested all the powers regarding management of the organization. The Board employs the Managing Director/General Manager. While the Board determines the number, type and scales of posts, it is the Managing Director/General Manager who makes the appointment of junior staff.

Functions
In general, the union carries out five important functions: procurement, processing and marketing of milk, providing technical inputs, strengthening of milk cooperative movement, organization of extension activities and rural development services. The Union usually owns and operates a dairy plant, a cattlefeed plant, fodder and bull mother farms, a semen collection station, and a centre for animal husbandry activities.

In addition to above, the Union carries out research, development and other promotional activities for the overall benefit of farmers. The union provides macro-level inputs such as compounded cattlefeed, fodder seeds, and various
veterinary services including round the clock emergency visits by veterinary doctors for treatment of sick animals, all of which are supplied to milk producers at their doorsteps, through their own milk-cooperative societies. The total cost of these programmes is included in the milk price structure and amounts to about 6-8 paise per kg. of milk procured. Thus, it is at the Union-level that professional skills are hired for specialized purposes which individual producers cannot afford.

The union distributes among producers dividends on their shares and bonus in relation to the quantity of milk supplied by them during the year. The milk products processed by the union are marketed through a Federation.

A special feature of the Anand Pattern is that the unions are under continuous and concurrent audit to maintain financial propriety.

Distribution of Profits

Of the net profit earned by the Union, 25 per cent is carried to its Reserve Fund, a small contribution is made to education fund as required by the State Cooperative Act and a sum not exceeding 12 per cent per annum is paid to member societies as dividend on their paid-up share capital. The remaining profits are distributed as: 80 per cent towards bonus to members in proportion to milk supplied; 10 per cent towards charity; 5 per cent towards cooperative propaganda, 3 per cent towards research in the dairy industry, and 2 per cent to-
wards dividend equalization.

Cooperative Milk Marketing Federation:

The District Dairy cooperative Unions can become a member of a Co-operative Milk Marketing Federation by subscribing to it at least one share of Rs. 20,000 each. The Federation is responsible for evolving and implementing policies on cooperative marketing of all member-unions' liquid milk and milk products, product-price mix, cooperative provision of joint services (artificial insemination, breeding, etc.) and cooperative marketing of technical inputs to members.

Management

The Federation's Board consists of the elected chairman of all the member-unions and the Federation's Managing Director. Other members are the representative of Registrar Co-operative Societies, representative of financing agency (ICD), a nominee of NDDB and one nominee of the State Government (Dairy Development Department). Each member has voting right. The members elect a Chairman of the Board. The Board evolves the Federation's policies on all its functions. Members' votes are weighted by the amount of milk procured by their respective unions in the previous year - and profit distribution is also done on the same basis.

The Federation's Board is advised by its Management Committee, which is composed of each member union's chief executive, the Federation's Chief Quality Control Officer and one or
more non-voting co-opted technical representatives of NDDB/IDC. The Federation's Managing Director is the committee's Chairman, and the General Manager its Secretary. The Management Committee meets once every month and is also responsible for day-to-day implementation of the Board's policies and plans.

Distribution of Profits

Of the total profit earned by the federation 25 per cent goes to its reserve fund. The member unions are paid dividend not exceeding 12 per cent on the paid-up share capital. After making small contributions to education and other funds as required by the cooperative Act, the balance is distributed as bonus to member unions and/or shall be taken to general fund and/or will be utilized for research and development as decided by the General Meeting.