OPERATIONAL PERFORMANCE OF THE PONDICHERRY
CO-OPERATIVE MILK PRODUCERS' UNION LIMITED

N. Gunasegari *
Assistant Professor, Commerce Wing, DDE,
Annamalai University, Annamalai Nagar - 608 002

Dr. N. Periyasami **
Associate Professor, Department of Commerce,
Annamalai University, Annamalai Nagar - 608 002

INTRODUCTION

Indian dairying is emerging as a sunrise industry. The world dairy is zooming on India for its rapidly growing markets that promise the ‘moon’. India’s enthusiasm to integrate with the world economy is reflected in technological upgradation, professional excellence and cost effective approach. The geographical location in the region gives it an added competitive edge. The paramount importance of dairy development is gaining its movement in view of the increased demand for the liquid milk and value added milk products. India's dairy industry has entered a new era of growth and expansion that has led to investment from across the globe. When the Operation Flood Programme was started at that time, India was facing severe milk shortages. Though India is now the top milk producer in the world, at present, only 13 per cent of total milk produced is processed. At present there are around 100000 village dairy co-operatives across the country. The objective of these societies was to collect and market milk, providing remunerative prices to the producers. Over the years their role has been extended to dairy development, specifically the improvement in the quality of the milch herd.

Keywords: Operational Performance, CO-Operative Milk Producers

DAIRY CO-OPERATIVES IN INDIA

The milk dairies under private ownership initially procured milk from remote villages from the milk producers at a very cheap procurement price and charged very high price to customers. The producers from whom private milk dairies obtained milk at lower price were helpless because the demand of milk in villages was limited against greater supply. Therfore, the protection of milk producers came in the form of co-operative milk dairies and initially such milk dairy was established at Anand on co-operative basis. The co-operative dairies are very significant to safeguard the interests of both the producers and the consumers by providing more procurement price to the milk producers and
by charging reasonable price to milk consumers. Co-operative dairies also produce and offer better cattle feed to milk producers besides medical services to the milk giving animals of the milk producers.

The dairy co-operative movement has been central to the development of dairying in India. It is the backbone of Indian dairy industry. The dairy co-operatives are crucial to Indian conditions, because most of the milk is produced in rural areas while the profitable market is based in urban areas; most of the milk is produced in small quantities by small farmers, which renders the transportation to the consuming areas very difficult; lack of suitable transport facilities, non-reliability of veterinary services in the rural areas, inadequacy of properly organized system of processing and marketing and lack of cheap and nutritious feed and fodder; producer has often no direct link with the consumer and hence, the price received by him is rather low; and there are no medium or large privately owned dairy farms. The first dairy co-operative society was registered in 1913 at Allahabad in Uttar Pradesh and was called "Katra Co-operative Dairy Society". Thereafter a number of dairy co-operative societies were registered at Baroda, Belgaum, Dhulhia, Bhagalpur, Hubli, Bungalkot, Calcutta, etc. Between World War I and II, a number of co-operative milk supply unions were registered in different states. The principal among which were the Madras Co-operative Milk Supply Union, the Surat City Co-operative Milk Supply Union, the Coimbatore Milk Supply Union, the Calcutta Milk Supply Union and the Lucknow Milk Supply Union. The Kaira District Co-operative Milk Producers Union at Anand was formed in 1946 and constituted an important landmark in the development of the dairy co-operative movement. Around this time the Government of India decided to make arrangements for the supply of hygienic milk to Bombay city and this resulted in organized collection of rural milk produced in Kaira district and its bulk transportation by train to Bombay for distribution. This was the first organized link-up of rural milk-shed with major urban markets.

Dairy co-operativization is the development of co-operative dairy industry on the lines of Anand pattern, that is, a three-tier dairy co-operative structure. The most rational organizational parameters for dairy co-operatives would be primary milk producers’ co-operatives, district milk producers’ co-operatives, and state dairy federation. Primary co-operative milk producers’ society at the village level procures milk from the members and promotes production through the distribution of technical inputs. The primary milk producers’ co-operatives are concerned with helping the members to increase their produce of milk and arranging for its profitable sale in the consumer markets through the milk supply unions. Primary milk societies are federated to district milk producers’

co-operatives. The co-operative milk producers’ union at district level manages the task of milk processing and manufacturing of dairy products by installation of dairy plant and provides technical inputs and services for their members. They own chilling and pasteurization plants in different areas. The state dairy federation plans production and marketing of the members and develops a milk grid system within the region in the flush and lean seasons. This state level federation provides support and guide to district unions, absorbs surplus milk available with the district unions for distribution in the cities and converts any surplus milk received from the district unions into milk powder and other products either for sale, or for later use for recombination in times of scarcity particularly in the lean season.

STATEMENT OF THE PROBLEM

Milk is well-known to mankind as a perfect wholesome food. Out of the total milk production, only a very small percentage is processed in organized dairy plants in India as against more than 80 per cent in the western countries. It requires the paramount need for developing the dairy industry in the country on modern lines. In this context, co-operative milk producers’ union and its working is the subject chosen for research by the researcher. The implicit problem raised is:
“Is the co-operative milk producers’ union capable enough by the required financial resources and facilities to survive against the encroachment of private dairies at present and in future under the delicensing policy of government? To find out the answer to this problem, the researcher has collected information from both primary and secondary sources. In the emerging scenario, it is necessary for the co-operative milk unions to examine the operational performance of the Pondicherry Co-operative Milk Producers’ Union Limited.

OBJECTIVES OF THE STUDY

1. To study the growth and progress of Indian dairy industry.
2. To review the dairy activities of the Pondicherry Co-operative Milk Producers' Union Limited.
3. To study the operational performance of the Pondicherry Co-operative Milk Producers' Union Limited.
4. To offer suitable suggestions for the efficient functioning of the Pondicherry Co-operative Milk Producers' Union Limited.

MATERIALS AND METHODS

The study is both analytical in nature with a focus on assessing the working of the Pondicherry Co-operative Milk Producers’ Union Limited from the point of view of operational performance indicators. The first-hand information for this study was collected from the establishment section of the Pondicherry Co-operative Milk Producers' Union Limited. The study encompasses both primary and secondary data. The secondary data were extracted from the published annual reports of the Pondicherry Co-operative Milk Producers' Union Limited. The operational performance has been analyzed with the help of growth rates. Growth rates were employed to find out the changes in the operational performances.

FINDINGS

1. There is an increasing trend in shares of the PCMPUL. The annual, linear annual and compounded annual growth rates of the member societies of the PCMPUL are 0.60, 0.50 and 0.51 respectively. The annual, linear annual and compounded annual growth rates of the shares of the PCMPUL are 3.28, 2.94 and 3.07 respectively. The annual, linear annual and compounded annual growth rates of the paid up share capital of the PCMPUL are 3.28, 2.94 and 3.07 respectively.

2. The PCMPUL collected 18266460 litres of milk in the year 2002-03, which grew upto 37578393 litres in the year 2011-12. There is a tremendous growth in milk procurement between 2002-03 and 2011-12. However, the annual, linear annual and compounded annual growth rates of milk procured from dairy co-operatives registered negative growth rates at 4.75, 4.06 and 4.78 respectively. The annual, linear annual and compounded annual growth rates of milk procured from other sources are 57.29, 24.40 and 38.15 respectively. The annual, linear annual and compounded annual growth rates of total milk procured in the PCMPUL are 8.60, 7.08 and 7.80 respectively.

3. In the financial year 2002-03 total milk sales was 1544590 litres. There is a tremendous growth in total milk sales. It was extended up to 36539298 litres in the year 2011-12. The average local milk sales and school milk sales are 14889398 litres and 3477356 litres respectively. The annual, linear annual and compounded annual growth rates of local milk sales are 226.76, 25.53 and 42.76 respectively. The annual, linear annual and compounded annual growth rates of
The installed plant capacity of the Union is 20000 litres per day. It was extended into 100000 lakh litres in the year 2007-08. The utilization of plant capacity during the first five years i.e. from 2002–03 to 2006–07 has been satisfactory with increasing trend. Thereafter it shows declining trend except for the last two years of the study period. The annual, linear annual and compounded annual growth rates of capacity utilization showed negative growth rates at 0.94, 14.23 and 15.45 respectively.

During the first four years i.e. from 2002–03 to 2005–06, there were no chilling centres for the PCMPUL. However, the number of chilling centers was 10 in the year 2011-12. The annual, linear annual and compounded annual growth rates of chilling centres are 35.24, 28.80 and 22.45 respectively.

The average cattle feed production of the PCMPUL is 4318.59 MT during the study period. The cattle feed production in PCMPUL was 2100 MT in 2002-03, 6459 MT in 2006-07, and it was 1142 MT in 2011-12. There is a fluctuation in the cattle feed production during the study period. The annual, linear annual and compounded annual growth rates of cattle feed production are 4.81, 4.17 and 2.05 respectively.

Among the various byproducts of the PCMPUL, sweet curd has registered highest annual growth rate (1042.44) followed by butter milk (636.84) and badam mix (332.32). Ghee has registered lowest annual growth rate (9.44). Kulfi has registered highest linear annual growth rate (60.58) followed by ice cream (47.46) and curd (41.76). Ghee has registered lowest linear annual growth rate (3.17). Kulfi has registered highest compounded annual growth rate (124.09) followed by sweet curd (123.66) and badam mix (107.05). On the other hand ghee has registered lowest compounded annual growth rate.

**SUGGESTIONS**

1. There is vast scope for value-added products like desserts, puddings, custards, sauces, mousse, stirred yoghurt, nectars and sherbets to capture the dairy market. Introduction of these byproducts will contribute to increase in the profitability of the PCMPUL. Therefore, the PCMPUL can introduce value-added byproducts to meet the needs of the target consumers in the market.

2. Scaling down the government participation in the equity base of the PCMPUL, assisting the PCMPUL with the timely grant of managerial subsidies and other forms of assistance enabling the PCMPUL for its efficient functioning. Further the Government of Pondicherry should recognize the role played by PCMPUL at all levels in increasing the milk production and in ameliorating the economic condition of the weaker sections of society. The work related to artificial insemination, disease control, etc. now done by Animal Husbandry and Veterinary Department should be transferred to the milk producer's union.

3. PCMPUL has not been following a concrete production policy for byproducts. Innovations in dairy technology for the preparation of new products will make the milk more effective in its utilization in the PCMPUL. Therefore, PCMPUL should further develop proper dairy production, processing and marketing infrastructure, which is capable of meeting international quality requirements. Making infrastructure for rapid transportation, refrigeration and proper human resource development in the PCMPUL and arranging proper training for the manager, and officials are need of the hour.

4. Efforts should be made to bring down the high incidence of procurement cost and bring it at the level of profitability. In order to increase the competitiveness of the PCMPUL, efforts should be made to reduce the cost of production. This can be achieved through increasing productivity,
improve animal health care and breeding facilities and management of professional dairy management. The PCMPUL and state government will need to play a vital role in this direction.

5. The Indian Dairy Corporation may be directed to review the financial position of the PCMPUL installed under Operation Flood and in appropriate case reschedule the payment of interests and principles on the loans sanctioned for PCMPUL to prevent from incurring continued losses and becoming viability. The financing institutions may be directed to provide adequate working capital loans to the PCMPUL adversely affected by the losses caused by low capacity utilization.

CONCLUSION

Dairy co-operatives have been getting various opportunities as well as facing different challenges. The dairy co-operative movement has not only improved the lives of the people here but has made significant contribution to the economy. Competitiveness that nation’s dairy industry has in terms of low cost of milk production, well structured milk procurement system covering major milksheds of the country, technological capabilities and other support systems could be advantageously utilized. However, due to the absence of a system of dairying based on commercial rural milk production, collection, bulk transportations, processing, marketing and milk production to meet the demand of the growing population, the gap between demand and supply in cities continued to grow and acute shortage was felt in many areas. To ensure a positive outcome, attention to the factors identified in the suggested framework is important for the efficient functioning of the PCMPUL.

REFERENCES

6. Dr. Amarja satish nargunde, “Role Of Dairy Industry In Rural Development” International Journal Of Advanced Research In Engineering & Technology (IJARET) Volume 4, Issue 2, 2013, pp. 8 - 16, ISSN Print: 0976-6480, ISSN Online 0976-6499