



Genesis of Anand Pattern of Co-operative Dairying Movement in India

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Anand pattern or Amul pattern denotes the cooperative dairy development followed in Kaira district of Gujarat state, where the pioneering pattern developed. The common name used for this pattern originates from the town Anand. The evolution of “Anand Pattern” is rooted in the history of Anand. In 1946, the British government of the then Bombay province gave monopoly rights of milk procurement and trading to a private firm ‘Polson’ from the village of Kheda district, about 400 km away from Bombay. Kheda district was rich in milk production. The collected milk was to be supplied to the government for distribution in Bombay. To carry out the business, Polson appointed contractor for collecting milk in the villages. The milk producers found the contractors totally unreliable in procuring milk daily and paying them what they consider to be fair and sufficiently remunerative price. Milk producers were exploited. All the milk producers were angry about the situation. In 1946 the farmers of Kaira district of Gujarat state has realised that they were exploited and had no choice but to sell their product (milk) at throw away to the government approved contractors. The trade was monopolized by contractors operating in district. The farmers approached Shri Sardar Vallabhai Patel. At his advice, they decided to market their milk through the Co-operative. Shri Morarjibhai Desai, one of the lieutenants of Shri Sardar Vallabhbhai Patel, moved the farmers to established village co-operatives. Subsequently at a meeting held at Samarkha village on January 4, 1946, it was resolved that the milk cooperatives could be organized. It was also decided that the government should arrange to buy their milk which could be processed at the dairy owned by the union. And in case it was not acceptable to the government the farmers would refuse to sell milk to any agency. The government turned down these proposals and farmers went on ‘Milk Strike’ which lasted 15 days. During this fortnight not a single drop of milk reached Bombay from Anand and the greater Bombay Milk Scheme virtually collapsed. The milk commissioner of Bombay then visited Anand and after assessing the situation accepted the farmers demand. They formed a co-operative and fought a legal battle with Polson and eventually won for them right to collect milk in the district as well as sell it to the government. This marked the beginning of Kaira district milk producers union limited on October 26th 1946. 1st milk co-operative society was formed in Hadgud village and on the same day 1st milk collection by Kaira district co-operative milk producers union limited was started on 14-12-1946. The co-operative started with an initial collection of just 250 liters of milk. This was the beginning of the Kaira district co-operative milk producers union, which is now popularly known by its brand name ‘AMUL’. The rest is the history which not only India but the entire world knows. Amul union was registered on 1-06-1948.

The basic design of Anand Pattern is very simple. Milk producers of a village who want to market their produce(milk) on co-operative base are organised into a village milk co-operative society(VMCs).VMCs are managed by their elected representatives who must be a milk producer. The VMCs of a district combine together and form a district union managed by elected representative of the VMCs. The entire voluntary district union of a state again combine together to form a state dairy federation which is managed by elected representatives of state dairy federation. The entire organization structure (VMCs, district level union and state level federation) is owned by the milk producers themselves.

The foundation of Anand Pattern of milk cooperatives was laid with the organization of the Kaira District Co-operative Milk Producer's Union Limited at Anand. In this pattern all the functions of dairying - milk production, procurement, processing and marketing are controlled by the milk producers themselves. In addition to this all the facilities related to milk production and procurement is provided at farmers door steps. The Anand Pattern is three tier system i.e. village cooperatives, district unions and state federation. The basic unit in the Anand Pattern is the 'village milk producers' co-operative society - a voluntary association of milk producers in a village, who wish to market their milk collectively. All the village milk producers' cooperatives in a district are members of their district co-operative milk producer's union. Every milk producer can become a member of society. At a general meeting of members, representatives are elected to form a managing committee which manages the day-to-day affairs of milk collection, and its testing for fat content, sale of cattle feed etc. Each society also provides artificial insemination services and veterinary First-aid. A key element in the Anand Pattern of dairy co-operative is that all registered village milk societies are members of a district co-operative milk producer's union which enable them jointly to own a dairy processing factory and cattle feed plant. In order to become members of the union, a registered society must purchase at least one share of Rs.100/- and pay Rs. 5/ as entrance fee. (Share price and entrance fees are variable and may change with time).

The district dairy cooperative unions becomes members of a cooperative milk marketing federation by subscribing to it at least Rs.20,000 each as share capital. (Share capital is variable and may change with time). The federation is responsible for evolving and 'implementation of policies on cooperative marketing of all member unions liquid milk and milk products, deciding the product-price mix, cooperative provision of joint services (AI , breeding) and cooperatives marketing of technical inputs to members.

Aims and Functioning of Village Milk Cooperative Society

After the complete survey of the village about milk production and related items, the supervisor / officer from the union organizes *Gramsabha*. If the villagers decide to form society, an organizer is selected from amongst them. The organizer is authorized to collect the share money @ Rs.101/- each for share subscription and Rs. 1/- for entrance fee from all the milk producers who are interested in society. The society will be registered with department of cooperation. One member will be elected as chairman and he appoints secretary who will look after day to day work.

Functions and Activities of the Society

The basic unit of Anand Pattern structure is village milk producers' cooperative society. The functions of a society can be classified into: Managerial, Operational and Input services.

- **Managerial**

All the members of the society form the general body of the society which has supreme power, the society has managing committee of 9 members elected from amongst of member producers. The committee employs paid staff whose number depends upon the size of the business to run the day to day affairs of the society. One third members of the committee retire every year by rotation. The rotational retirement helps bringing new faces and

continuity in the management the chairman is elected every year in the management committee meeting. The committee decides policy matters and frames guide lines for efficient running of the society. The committee holds its monthly meeting to discuss issues pertaining to society, producers, guidelines provided by the union etc. (Note: The election process may vary among different unions. The election process described here is according to the model bylaws framed during the establishment of cooperative dairy structure).

- **Operational**

It can be classified into two groups:

- a) Milk Trading and
- b) Marketing of inputs

- a) **Milk Trading**

This involves the following works:

- 1) **Reception of milk:** Milk is received from the producers both morning and evening. Sample of milk is collected for testing.
- 2) **Testing of milk:** The individual samples are tested for fat and SNF and recorded. Sample from pooled milk is than tested.
- 3) **Dispatch of milk:** All milk cans are covered tightly by lids. Filled milk cans are loaded on the hired/own truck and empty cans are unloaded for society use for next milk collection. Now days bulk milk coolers are installed at village dairy cooperative societies and chilled milk is then transported through insulated tankers to the processing plant at union.
- 4) **Payment for the milk:** The price of milk remains uniform throughout the district irrespective of village distance from union headquarters. Both quality and quantity form the basis for the payment. Price chart will be supplied by the union. The society pays the producers' morning milk Price during evening reception time and evening milk price next day morning.
- 5) **Accounting:** Separate account books are maintained for different transactions and the relevant postings are made on the same day of operation. A person from the same village is appointed as internal auditor to check the account.
- 6) **Distribution of profits:** The society from its profits distribute bonus to the producers in proportion to the value of milk supplied by them during the year.
- 7) Other duties like sample milk disposal, local sales of milk, standardization of testing equipment and chemicals etc., will all be undertaken.

- **Input Services**

This includes the following aspects.

- 1) Providing artificial insemination services
- 2) Providing veterinary first aid.
- 3) Society purchase cattle feed from the union and sell it to the producers in retail at cost or subsidized.
- 4) Provides quality fodder seeds to the producers at cost or subsidized.
- 5) It also distributes newsletters, educational material, organizes meetings, organizes tours to dairy plant, cattle feed plant etc.
- 6) It also helps in cattle insurance and some strong societies give subsidy on insurance of cattle.

Distribution of Profits

Out of the net profit earned by the society in a year, 25% is contributed to its reserve funds, not exceeding 12% is paid as divided to the shareholders on the paid up share capital and small contributions depending upon provision in state co-operative act are made to education fund. From the remaining amount, 65% is paid as bonus to the member in proportion to their

milk sales to the VMCs, 10% is contributed to cattle development fund, 10% is contributed to charity, 5% to propaganda and remaining 10% to staff bonus.

Structure and Activities of District Milk Union

Once sizeable number of societies (40 - 50) are organized and registered in a milk shed, the district level milk union can be started. The chairman's of all village milk cooperative societies are the members of the district milk producers unions. In order to become members of the union, a registered society must purchase at least one share of Rs. 100/- and Rs 5/- as an entrance fee. They hold the meeting and resolves the formation of District Cooperative milk producers union. The union is registered with the cooperative department. They elect the board of directors who will in turn elect chairman. One third of elected board members retire every year by rotation. Each district union is professionally managed by a managing director who reports to the elected chairman and board of directors. The number of board of directors will be sixteen to seventeen of which twelve are democratically elected from amongst the representatives of the village societies. The remaining five comprise managing director as a member secretary, one or two representatives of the financing institutions, a representative of-the registrar of cooperative societies and representatives of the Federation. These five members are not eligible for contesting to the post of chairman.

The general policy for the union is framed by the board. The board employees the managing Director / General Manager, but his removal will be done by only general body. The board determines the number, type and scales of the posts. Managing Director/General Manager makes the appointments.

Functions and Activities of the District Milk Producers Union

In general union carries following important functions.

- 1) **Procurement of milk:** Milk will be collected from all the member societies of union by engaging hired vehicle. Different routes are framed to cover the societies so as to enable the milk to reach the union plant within reasonable time.
- 2) **Processing and marketing of milk and milk products:** The milk is processed and liquid milk is marketed in all demand places within the union milk shed area. Different milk products are produced and kept in sale through own or distributor outlets.
- 3) **Providing technical inputs:** Supply of feeds and fodder seeds to village societies on cost or subsidized rates. Establish the dairy and fodder demonstration farms. The union appoints veterinarians who will provide Artificial insemination services, treatment of diseases etc. on cost or charging subsidized rates. Emergency services are provided with extra cost. Liquid nitrogen is supplied regularly to field AI Centers.
- 4) **Strengthening of milk cooperative movement:** The union formulates the strategies for strengthening of cooperative in dairy industry.
- 5) **Organization of extension activities and rural development service:** Under these, field visits are arranged for milk producers to dairy plant, cattle feed plant, semen production stations etc so that the producers get knowledge about scientific and profitable methods in milk production. Milk yield competitions are organized to build competition among the producers. Screening of different educational films related to dairying is undertaken.
- 6) In addition to the above functions, union carries research and other promotional activities for the overall benefit of farmers. The union owns and operates dairy plant, cattle feed plant, fodder and bull mother farms, semen collection station, and headquarters center for animal husbandry activities.

Profit distribution

From the net profit earned by the union, 25% is carried to its reserve fund, small contribution is made to education fund as per co-operative act. 12% per annum is paid to member societies

as divided on their paid up share capital. Of the remaining profit, 80% is distributed as bonus in proportion to their milk supplied, 10% towards charity, 5% towards cooperative propaganda, 3% towards research in the dairy industry and 2% towards divided equalization.

Role of State Milk Cooperative Federations

The district Dairy cooperative unions become members of a cooperative milk marketing federation. Each union should subscribe at least Rs. 20,000/- as share capital. The federation is responsible for evolving and implementation of policies on cooperative marketing of all member unions' liquid milk and milk products. The federation board consists mainly of the elected chairman of all the members unions and the federations managing director. Other members are the representative of registrar of cooperative societies, representative of financing agency, nominee of NDDDB and one nominee of the State Government (Dairy development department). The members elect a chairman of the board. The board evolves the federation policies on all its functions. Member's votes are weighted by the amount of milk procured by each union in the previous year and profit distribution is done on the same basis. The federation board is advised by its managing committee, which is composed of each member union's chief executive, the federation's chief quality control officer and one or more non-voting cooped technical representatives of NDDDB. The federation managing director is the committees' chairman. The committee meets once monthly and is also responsible for day to day implementation of the board policies and plans.

Profit distribution

From the total profit earned by federation, 25% goes to its reserve fund. Not exceeding 12% of the paid up share capital is paid as dividend to member unions. After making small contribution 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 funds and/or will be utilized for research and development as decided by the general meeting.

Conclusion

The Anand pattern succeeds because it involves people in their own development through cooperatives where professionals are accountable to leaders elected by producers. The institutional infrastructure –village cooperative, dairy and cattle feed plants, state and national marketing is owned and controlled by farmers.