

## **ROLE OF DAIRY CO-OPERATIVES IN RURAL ECONOMIC DEVELOPMENT OF NORTH BIHAR**

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### **ABSTRACT**

*The main aim of the co-operatives is to provide service and generate income collectively. Income depends on demand and supply of milk. Demand of milk is increasing especially in urban area along with the rapid growth of population. Dairy co-operatives are important channels of milk production and supply that leads to generating income source for the rural people. Indian economy is mainly based on agriculture approximately 54% of the population is engaged in agriculture activities but agriculture alone is unable to provide necessary employment and income to the farmers and landless labours. Further a typical region of North Bihar known by regular flood problems, poor infrastructure and poor agriculture is in much demand of the development of allied sector. Animal husbandry and Dairy co-operatives play an important role in the socio – economic development of our country particularly rural areas of North Bihar. The dairy sector today provides 80 million farm household with the triple benefits of nutritive food, supplement income and productive employment for family labour, mainly for women. Dairy co-operatives provide self-employment to millions of households in rural areas. Dairy farming creates employment to work at shed, feeding, housing etc. It also creates employment at dairy co-operatives for technical work, accounting, management etc. Amul management has proved this thing and new Bihar finds that improving the dairy sector can solve the unemployment problems up to a great extent. All the milk unions of North Bihar attracted by small investment, assured market, regular and timely payments, extension and other technical support from the federation more and more educated unemployed youth are driven towards this enterprise.*

**KEYWORDS:** Gross Value Added, Dairy Development, Rural Economy, Dairy- Co-Operatives.

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### **Introduction**

Indian economy is mainly based on agriculture about 54% of the population is engaged in agriculture and allied activities (Census,2011) and it contributes 17% to the country's Gross Value Added (current price 2015-16, 2011-12 series). Agriculture alone is unable to provide necessary employment and income to the farmers and landless laborers. The sources of additional income should improve the purchasing capacity of rural poor fighting the problem of employment. In this context, Animal husbandry and dairy development plays a prominent role in the rural economy in supplementing the income of rural households. Keeping in view the above facts the dairy- co-operatives in India have been formed to improve the economic conditions of milk producers, especially of the weaker sections in rural areas, by providing them facilities of improved breeding and better feeding of cattle, introduction of quality milch animals, adequate health care and above all an efficient organisational structure used for procurement, processing and marketing of their products. The development of dairy farming through co-operatives results in enhancement in milk production and improvement in the economic conditions of milk producers. Today

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Bihar is the most poor state in India where major part of population lives under below poverty Line (BPL). Agriculture is the main source of employment in the rural regions of Bihar. Taking into account the employment problems of North Bihar due to regular flood problem, poor infrastructure and poor agriculture we study the role of Dairy Co- Operatives in rural economic development of North Bihar.

### Objectives of the Paper

- To Introduce the Dairy co-operatives.
- To highlight the role of dairy co-operatives in rural economic development of North Bihar.

### Research Methodology

This paper is basically descriptive and analytical in nature. In this paper an attempt has been made to analyze how Dairy co-operatives generate employment opportunities and help in rural economic development of North Bihar. The Data used in it is purely from Secondary sources according to the need of this study.

### Unemployment Situation in Bihar

Unemployment is a situation in which people are able to work and willing at the existing rate of wage, but is not getting work. Thus, while calculating unemployment only those persons are taken into account that are not getting work, even when they are (i) able to work, and (ii) willing to work at existing wage rate. Those who are not capable of doing any work (old, infirm, sick people, children, students, etc.) are not included among unemployed.

Table 1 shows the rate of unemployment across rural and urban population in India. Rate of unemployment is defined as ratio of unemployed persons to total labour force.

**Table 1: Unemployment Rate across Rural and Urban Population in Bihar**

(In Percentage)			
Area	Male	Female	Total
Rural Areas	4.2	13.2	4.8
Urban Areas	5.9	27.1	7.4
<b>Total</b>	4.4	14.5	5.0

Source: National Sample Survey Organisation Report, 2013

Table 1 shows that unemployment rate is lower in rural areas (13.2) compared to urban areas 27.1. This is explained in terms of these facts:

- Among most families in urban areas, job work for women is still governed by family decisions rather than the individual's decision. Implying that even the available opportunities are not actually utilized.
- Higher employment among women in rural areas is owing to widespread rural poverty. Female workers in rural areas are largely engaged in animal husbandry and dairy farming and add to their family income.
- Overall rate of unemployment in Bihar is higher among female population than the male population. This is because (a) education among women still suffers from a social taboo, and (b) mobility of female workers for jobs is still very restricted.

### Concept of Dairy Co-operatives

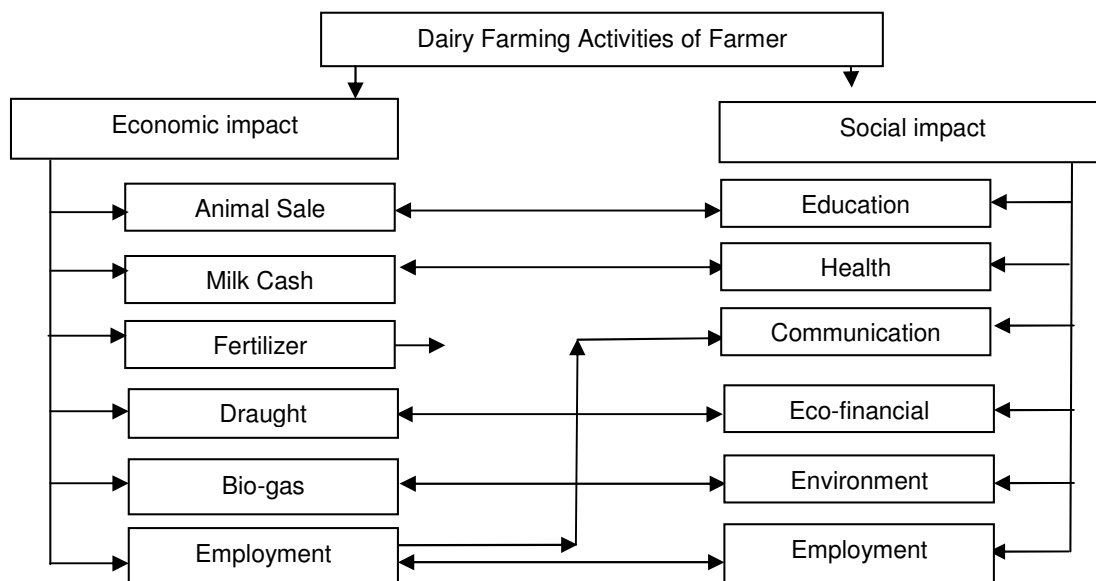
Co-operatives is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs through jointly owned and democratically controlled enterprise and dairy co-operatives are defined as the group of at least 25 milk producing farmers who deliver milk to the customer or to the processors. It is a common venue where farmers meet in the morning and evening daily during milk deliver Dairy co-operatives have a long history in the country. The first dairy co-operatives was organised in 1913 at Allahabad in Uttar Pradesh. But the growth of the dairy co-operatives has not been even and steady throughout the country. It was only during 1950s that Tamil Nadu, Gujarat and Uttar Pradesh made some progress in the organisation of the dairy co-operatives. But for these, no organised efforts were made for the development of dairy co-operatives before advent of 5th year plan. "Amul" the most prestigious venture in the dairy co-operatives sector provided a model for the milk producer's co-operatives in Gujarat and other states. Such co-operatives played an important role in increasing milk production as well have economic status of their members. The state level federation of dairy co-operatives has been formed in states of Punjab, Haryana, Rajasthan, Uttar Pradesh, West Bengal, Tamilnadu, Andhra Pradesh, Maharashtra, Gujarat and Bihar. The state level

federation of dairy co-operatives works on four tier system at the grass root level it has dairy co-operatives societies (DCS) in villages. These societies are affiliated to district milk producer's co-operatives unions, which in turn federates to form state level federation of dairy co-operatives as a member of National co-operatives dairy federation of India. District milk producers co-operatives union occupy a prominent position because it has engaged in arranging the DCS on Amul pattern arranging milk procurement and providing remunerative prices to producers, managing things for improving the milk productivity and above all facilitating training programmes for members and employees of DCS.

**Social and Economic Importance of Dairy Co-Operatives**

Co-operatives is a common platform for the people, who deliver milk in the morning and evening, thus people interact even on a new thing, introduce its communication and thus it is being spread within a short time though it may or may not be adopted in the society. Similarly, if events held at any household, he/she is helped by financially and socially. Dairy co-operatives have made the farmers to unite in a group, which has made them more social. He adds that income from the milk and live stock harming has made them culturally changed such as with good housing, hygienic toilet, bio- plant, television and education. Economic importance of livestock sector, dairy in particular, is well recognized for farmers and people living in rural areas of India. The dairy co-operatives have been formed to improve the economic conditions of milk producers, specially for the weaker sections in rural areas by providing them facilities of better feeding of cattle, introduction of quality milch animals, educate health care and above all an efficient organisational structure for procurement, processing and marketing of their products. The development of dairy farming through co-operatives improves the socio economic conditions of milk producers. Economic impact deals with the financial achievement from dairying of individual and the social impact deals with their links in the achievement of the whole society. All the economic impacts are inter-linked in terms of social impact such as income from sale of animal, milk, fertilizer draught and biogas. They will contribute for education and health leading to better life. Economic impact and social impact of Dairy Farming Activities of farmer are shown in following figure:

**Figure 1: Socio Economic Relation of Dairy Co-Operatives**



**Dairy Co-Operatives in Bihar**

The success story of Amul has given prominence to the organised business of milk production, processing and marketing on co-operatives basis since it has a great potentiality to provide employment opportunities to skilled and unskilled manpower of concerned area throughout the year- keeping in view such benefits of dairying business and requirement of regular pecuniary support to the villagers Bihar State Milk Producers Federation Ltd (COMFED) came into existence in April 1983 as the implementing agency of Operation Flood (OF) programme of dairy development on Anand pattern in the state. COMFED works on four tier system. At the grass root level, it has Dairy co-operatives societies ( DCS ) in

villages. These societies are affiliated to District Milk Producer's Co-operatives Unions, which in term federated to form COMFED as a member of National Dairy Development Board (NDDB). District milk producer's co-operatives union occupies a prominent position because it has been engaged in arranging the DCS on Amul pattern arranging milk procurement and providing remunerative prices to producers, managing things for improving the milk productivity and above all facilitating training programmes for members and employees of DCS. The basic unit in the Anand Pattern is the Dairy Co-operatives Society (DCS), a voluntary association of milk producers in a village who wish to market their milk collectively. Every milk producer who has at least one milch animal that is owned can become a member of the co-operatives by paying a nominal entrance fee and purchasing at least one share. Every morning and evening society buys the surplus milk from its producer's members. The producer is paid for milk usually within 12 hours (for morning milk, in the same evening and for evening milk, the next morning). The district milk union organizes the transportation of collected milk twice daily. The producers in this system are not only ensured regular and remunerative payment for their milk, but also have access to the milk production enhancement inputs, support, services, to further improve their productivity and income. The micro level support services such as veterinary first aid are organised by village societies. One of the staff members of the society is trained to carry out these functions. Societies also market the liquid milk locally at the village level. In addition to regular payment and support services, members also receive the price difference, dividend and bonus deriving from the net profit of the society's business. Different milk unions of Bihar which are organizing the DCS network in these districts are listed below:

**Table 2: Coverage Of Districts By Milk Unions**

S. No.	Milk Unions	Head Quarter	Coverage of Districts
1	Barauni Milk Union	Barauni	Begusaria, khagaria, Lakhisarai, Sheikhpura, and some villages of Munger and Saharsa Districts.
2	Mithila Milk Union	Samastipur	Samastipur, Darbhanga, and Madhubani Districts.
3	Tirhut Milk Union	Muzaffarpur	Muzaffarpur, Sitamarhi, Sheohar, East Champarna and West Champaran Districts.
4	Shahabad Milk Union	Arrah	Bhojpur, Buxar, Kaimur, and Rohtas Districts.
5	Vaishali Patilputra Milk Union	Patna	Patna, Vaishali, Nalanda, Saran, and Siwan Districts.

Source: Records of the COMFED.

There are three milk producer's co-operatives in dairy sector of North Bihar (a) Barauni Milk Union, (b) Mithila Milk Union and (c) Tirhut Milk Union popularly known as Barauni Dairy, Samastipur Dairy and Muzaffarpur Dairy. All these dairies of North Bihar generate employment opportunities of rural poor people fighting the problem of unemployment and under- nourishment.

- **Barauni Milk Union**

Khagaria, Begusarai, and Barauni districts are command area of Deshratna Dr. Rajendraprasad Dudgha Utpadak Sahkari Sangh Ltd. (Barauni milk union). The union was registered in 1987 and transferred to an elected board in 1992. The board has 16 directors of which 12 are elected. The union has approximately 300 employees. Barauni milk union supports more than 1,55,000 members through 2020 dairy co-operatives societies. For empowering women, Barauni Milk union has started 118 jeevica committees and 267 women dairy co-operatives societies till March 2014 and 20253 women members connect with WDCS. The total number of members and Dairy co-operatives societies of Barauni Milk Union during 2010-11 to 13-14 is given in Table 3:

**Table 3: The Total Number of Members and Dairy Co-Operatives Societies of Barauni Milk Union**

S. N.	Particulars	2010-11	2011 -12	2012 – 13	2013 -14
1	Dairy co-operatives societies functioning	1455	1680	1768	2020
2	Total membership	108780	125350	137390	157630

Source: Annual report of Barauni Milk Union, Barauni.

The above table shows an increasing trend of DCS and total membership throughout from 2010-11 to 2013-14.

- **Mithila Milk Union**

Mithila Dugdha Utpadak Sahkari Sangh Ltd, Samastipur covers Samastipur, Darbhanga, and Madhubani districts. This Union was registered in 1987 and transferred to an elected board in 1989. The union implemented operation flood programme in the command area. Major objectives of the union are: (a) organization of DCSs on Amul pattern, (b) arranging milk procurement and providing remunerative prices to producers, (c) productivity improvement through supply of balanced cattle feed, fodder seeds, and by-pass protein feed, and (d) arranging training programs for members and employees working in the DCS. The union has chilling centers at Darbhanga and Rosera, and a processing plant at Samastipur. It has approximately 150 employees including eleven women employees. Till March 2016 Mithila Milk Union supports 157633 members (including 23473 women members) through 2305 Dairy co-operatives societies (including 204 WDSCS). The total number of members and Dairy co-operatives societies of Mithila Milk Union during 2009-10 to 2015-16 is given in Table 4:

**Table 4: The Total Number of Members and Dairy Co-Operatives Societies of Mithila Milk Union**

S. No.	Particulars	2009-2010	2010-2011	2011 - 2012	2012-2013	2013-2014	2014-2015	2015-2016
1	Dairy co-operatives societies functioning	1052	1178	1305	1564	1926	2186	2305
2	Women Dairy Co-operatives Societies(WDCS)	136	138	140	170	190	200	204
3	Total membership	76488	86152	96655	117470	137599	150492	157633
4	Total Women Membership	14102	15685	17949	22510	24084	28399	33473

Source: Annual report of Mithila Milk Union, Samastipur

The above table clearly indicates an increasing trend in the number of DCS including WDSCS & total number of membership.

- **Tirhut Milk Union**

Government of Bihar established Tirhut Dugdha Utpadak Sahkari Sangh Ltd. (Tirhut Milk Union) with a Capacity of 25,000 Litres per day in 1982 with financial aid to voluntary organisations. The project was aimed at meeting demand for liquid milk in various urban towns of North Bihar and to improve economic conditions of rural milk producers. In 1984 the plant of Muzaffarpur Dairy handed over to COMFED. Muzaffarpur, Sitamarhi and East Champaran are the area of operation of Muzaffarpur Dairy. The main objective of Muzaffarpur Dairy is to generate supplement income of milk producers of rural people fighting the problem of unemployment. Tirhut Milk Union supports approximately 1,30,000 members / farmers (including 22,853 women members) through 3161 Dairy Co-operatives societies (including 302 WDSCS) till January 2016. Apart from employment generated by rearing of animal, the procurement of milk and its processing also provided substantial employment. Muzaffarpur Dairy supports over 3 lakh milk producers. Further Tirhut Milk Union has a work force of about 250 employees and gives employment to another workers who engaged in milk procurement and technical input supply etc. The total number of members and Dairy co-operatives societies of Tirhut Milk Union during 2011-12 to 2014-15 is given in Table 5:

**Table 5: The Total Number of Members and Dairy Co-Operatives Societies of Tirhut Milk Union**

S. No.	Particulars	2011-2012	2012-2013	2013-2014	2014-2015	2015 till Jan. 2016
1	Dairy co-operatives societies functioning	2089	2352	2709	3035	3161
2	Women Dairy co-operatives societies functioning	152	177	269	288	302
3	Total membership	95256	104599	1,16,477	1,26,959	
4	Total women membership	17146	18828	20966	22853	23581
5	Total member of milk suppliers	54641	60388	66362	71206	

Source: Annual report of Tirhut Milk Union, Muzaffarpur

The above table clearly indicates a satisfactory increasing trend in the number of DCS, WDSCS, Total membership, Total women membership and total member of milk supplier.

The membership of All Dairy co-operatives of North Bihar indicates that the Dairy co-operatives provides better employment and income opportunities to the rural people particularly women people . The primary aim of Dairy co- operative is to provide additional avenues of income to those who are depending on agriculture with or without substantial landholding .The dairying, which is brought under public sector, has to provide the market facility to the rural producers who are living in remote areas. Further under swarnjayanti Gram Swarajgar Yojna (SGSY) the only self employment programme for rural areas about 35 percent swarajgaries opted for dairy farming as income generating activity. Therefore, the each dairy co-operative help the rural people in employment generation.

### Conclusion

Dairying has been considered as one of the activities aimed at alleviating the poverty and unemployment especially in the rural areas. It is the livelihood of more than 80 percent of rural people who do not have enough land for other agricultural activities. The main aim of the co-operatives is to provide service and generate income collectively. The Income of Dairy Co-operatives depends on demand and supply of milk. It is the important channels of milk production and supply that leads to generating income source for the rural people. For improving the dairy sector in Bihar COMFED (Bihar state Milk Producers federation Ltd) formed on Anand pattern in the state. Five district level Milk producer's co-operatives unions affiliated to COMFED. Out of five district Milk producer's co-operatives union three Milk Producer's Co-operatives Unions situated in North Bihar. These are—Barauni milk union, Barauni, Mithila milk union, Samastipur and Tirhut milk union, Muzaffarpur. All these Dairy Co-Operatives in rural areas of North Bihar by rearing of animals, the procurement of milk and its processing also provides substantial employment. Recognizing the importance of dairy farming in its substantial contribution to the agricultural economy and to the livelihoods of resource poor farmers / rural population, high priority is attached in several locations, strengthening the milk marketing infrastructure, veterinary services for breed improvement and health care, extension support for capacity building of farmers, developing entrepreneurship, technical skills and knowledge on scientific dairy farming practices, etc. Thus, Dairy co-operatives play a very significant role in sustaining the rural livelihoods of North Bihar through solving the unemployment problem.

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