Economic Indicators of Primary Milk Producers’ Co-Operative Societies: Evidence from West Bengal

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ABSTRACT

This paper examines the physical and financial performance of some primary dairy co-operatives in West Bengal state in India. It suggests that financial performance indicators dominate over physical ones, and all the dominating variables have long term positive impact on Primary milk Producers’ Cooperative Societies (PMPCs). The significant impact of financial performance variables contributes to high profit efficiency for all primary dairy cooperative societies under study. When the profit efficiency is measured only on the basis of financial performance indicators the score of efficiency for all the PMPCs lies between 90% and 100% level suggesting that all PMPCs perform well when the performance of PMPCs is judged only on the basis of financial performance indicators. But when they are judged by the combined effect of both physical and financial performance indicators, all PMPCs are not performing well because the impact of physical performance variables differs significantly among them. These results seem to suggest that in order to strengthen the dairy development programme on co-operative line at the primary level more emphasis should be given to these dominating physical and financial performance variables in general and physical dominating variables in particular.

Keywords: Co-Operative Societies, Dairy, Economic Indicators, Milk Producers, West Bengal

1. INTRODUCTION

The dairy industry in India has made significant progress in India during the recent years. The dairy sub-sector occupies an important place in agricultural economy of India as milk is the second largest agricultural commodity contributing to GNP, next only to rice. The percentage share of livestock sector in GDP is 4.36 in 2006-07 in which the dairy sub-sector contributes 68.55% of total value of livestock products during 2006-07. As compared with 1998-99 figures, milk production in India has increased by about 40% in 2007-08. Most importantly, dairy cooperatives account for the major share of processed milk in the country during 2007-08 (NDDB, 2007). The breakthrough is due to successful implementation of “Opera-
tion Flood Programme” through the National Dairy Development Board (NDDB) which developed co-operative model in the country in July, 1970, with the objective of laying the foundation for a modern dairy industry, which could meet the country’s need for processed milk and milk products.

The first phase of Operation flood -I was aimed at capturing liquid milk in four metropolitan cities by linking 27 milk sheds. During 1980-85 the programme of the second phase of Operation Flood –II was extended to all the states of the country. As a result, about 34,500 dairy cooperative societies had become organized under 136 milk sheds. Government outlay on developing the livestock sector rose dramatically from a mere 2324 million rupees in the fifth plan (1974-78) to a sixth plan (1980-85) total outlay of 8025 million rupees on animal husbandry and dairying, of which 4363 million rupees were meant for expenditure on dairying alone. During 1985-94, the Operation Flood -III aimed primarily at consolidating the extensive milk procurement and marketing system established during the second phase. As regards Government outlay is concerned, during the seventh plan (1985-90), 4935 million rupees were earmarked for dairying out of total outlay of 11,348 million rupees for animal husbandry and dairying. Expenditure on dairying increased sharply during the eighth plan (1992-97). Of the total outlay of 1300 million rupees the proposed expenditure on dairying was nearly 70%. Such increased allocation in plan outlay is a reflection of the importance of draying in government’s overall policy encompassing country’s agricultural economy.

However as a later starter, West Bengal Cooperative Milk Producers Federation Limited (WBCMPFL) started its journey on and from 1983 under the debut of government of West Bengal following three tier structure of Anand pattern of milk cooperatives: WBCMPFL at the state level, District Milk Union (DMU) at the district level and Primary Milk Producers’ Cooperative Societies (PMPCS) at the village level. As compared with all India figure, West Bengal places 12th position in production (in tones) among all states in India by contributing only 3.90% of total production in 2007-08. West Bengal has established 12678 organized district cooperative societies (cumulative) in 23 states including union territories and has marketed 18921 thousand liter per day (TLPD) by making 13411000 farmers their members during 2007-08 (NDDB, 2007). The success of Operation Flood Programme motivated the government for an Integrated Dairy Development Programme in different areas to enhance production, procurement, processing and marketing of milk for generating income and employment opportunities to those areas (Sandep, 2005, p. 91). The National Policy of Co-operative (NPC) of Government of India has also sought to encourage the co-operatives to grow as self-reliant grass roots democratic institutions owned, managed and controlled by members.

But the growth of dairy co-operatives in some other states likes Gujarat, Maharashtra, Tamilnadu and Karnataka has brought about more economic betterment and well-being of the rural population compared with other states (Benni, 2005, p. 3). More importantly, the co-operatives in the states like Gujarat, Maharashtra, Tamilnadu and Karnataka has brought about more economic betterment and well-being of the rural population due to two broad common indicators- 1) financial indicator (including a number focused on retail society financial performance) and 2) non-financial indicators, covering issues that members and key stakeholders too, may value in terms of co-operative, social and environmental performance. These two indicators have helped the said states for long term development of dairy cooperatives indicating better economic betterment and well-being of their rural population in particular.

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