

CHAPTER – V

PRESENT SET-UP OF MARKETING OF MILK

5.1 SUPREMACY OF MARKETING IN A PRODUCTIVE SYSTEM

In agriculture, as in industry, the ^{guaranteed} selling of output is the main instrument of enhancement of inputs and outputs. If selling of expanded output is not possible no producer will spend on inputs to expand production and suffer losses in the form of price cut or inability to dispose of an important portion of output.

As things stand, in absence of new activities, that could ^{have} support each other by releasing pressure of demand for each other's output and through spread effects could heighten everybody's income in the system, demand for all commodities within the village system has been low indeed. Present demand for milk of village families producing milk from HYV cows vary from 133 ml. to 236 ml. per year.

Farmers of crops who do not produce milk including farmers owning more than 5 acres cannot afford to spend on milk. Such is the restriction imposed by their incomes on consumption of milk. With the deplorably low shape of these lagging rural economies the producers of milk here depend naturally for sustenance of their production on outer external demand, that is, demand outside these villages.

The agencies which may buy from the producers may be of different types. Such agencies that pay immediately in cash become useful for milk producers of these lagging rural economies. The middlemen who travel farther to other markets and more distant processors are favourites to these producers because they always pay in cash and are specialized in recognizing ^{recognizing} the quality of milk without putting to it any lactometer. Only when they cannot sell all their output to these types of middlemen, they turned to other methods of

selling in cash and would themselves move still farther to more distant Bengali sweet-makers for the purpose.

Only when they cannot find these two kinds of buyers namely, middlemen and distant Bengali sweet-makers, they will turn to agents of other systems of buyers who buy on credit and would every time use lactometers. Producers need not mind the use of lactometers but are disturbed by not getting the cash payment for days. It is natural that due to the absence of buyers of their milk in cash that prevents them to further expansion of their output of milk.

5.2 MIDDLEMEN

In the less developed rural economies, the middlemen occupy a pivotal role in the marketing of the rural products. They specialize in recognizing the quality of commodities they market. In case of every commodity they trade in none can grade the varieties of the commodity as efficiently as them. They sell them to different buyers on the basis of the grades they determine. Since the middlemen have to work full time in collecting and selling the commodity, he is naturally induced to maximize his collection and sale. It so happens that his margin over the cost of collection per litre of milk is larger than the milk producer's margin over his cost of production. Producers of milk may bear some grievance against the middlemen, but they are their greatest friend because the middlemen give them cash at the time of collection and they try to collect as much as they can sell through their travels. Producers can sell to them as much as they sell to consumers in market places near the villages.

Middlemen, in their turn, sell more to consumer in different market centres and semi-urban places than to processors. This turns our attention to the role of consumers of fresh milk produced by the rural economies we surveyed.

5.3 ROLE OF PURE CONSUMERS

We find from the data presented in tabular form in the preceding chapter that about 80 per cent of fresh milk produced in these lagging rural economies are consumed unpasteurised fresh milk in different habitations. No sort of processing of this fresh milk for their preservation for a number of days exists

for the benefit of these producers. A chart is produced in the following section. There we find that barring the use of a portion of milk used for making Bengali sweets and production of Ghee and Dahi by local makers, most milk is consumed as fresh milk by consumers. By and large these consumers are confined to adjacent rural and urban areas. So these consumers and their demand are the prime movers of production of milk in the villages we surveyed. If infrastructural facilities such as refrigerated vehicles and new technology of processing exist, we might have already seen more processing of milk and as a result a great expansion of milk products for the consumers.

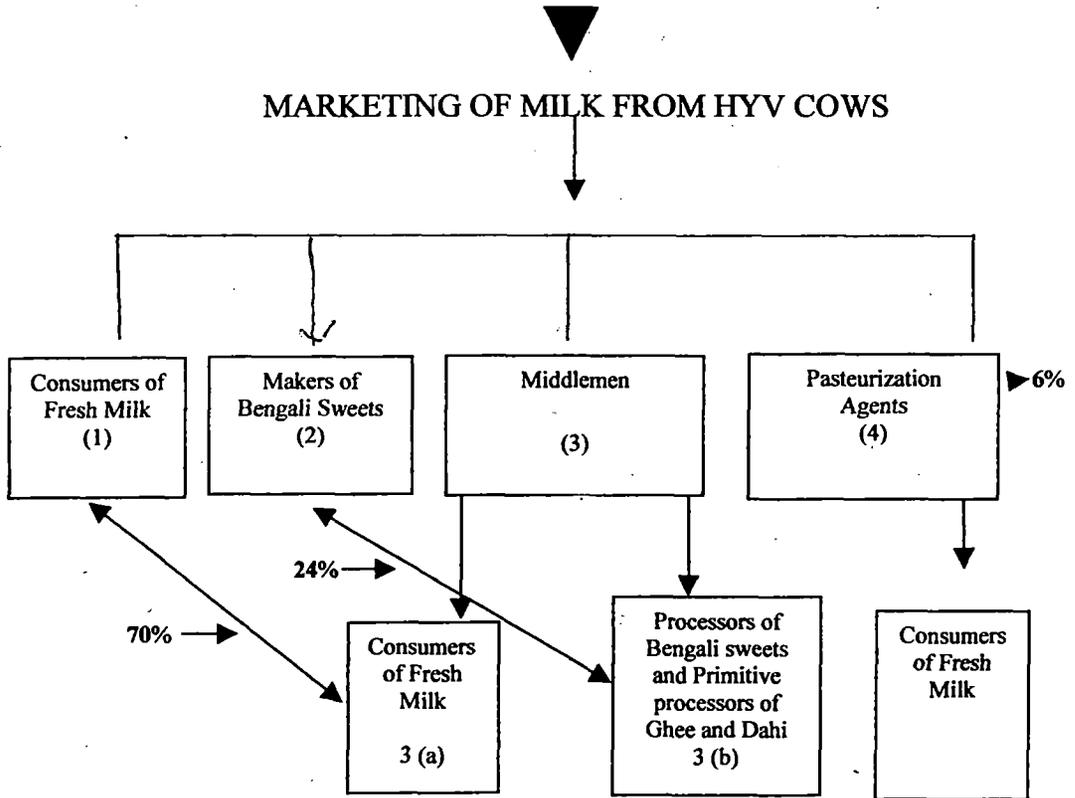
5.4 PRESENT EXTENT OF PROCESSING

Traditional Bengali sweets made in the urban centres of the districts, most notably, the Koch Bihar town, provide as yet the maximum demand offered by the processors of milk. Producers of Bengali sweets, on the other hand, do not get the benefit of canning their products. No infrastructure of canning industry has been set up for the benefit of the makers of the Bengali sweets in the Koch Bihar district. A commensurate export link of transport network and selling centres and export shops for milk sweets made here are wholly absent. Nor is the technology of producing Bengali sweets with minimum of sugar is mastered to catch the fancy of all sorts of tastes.

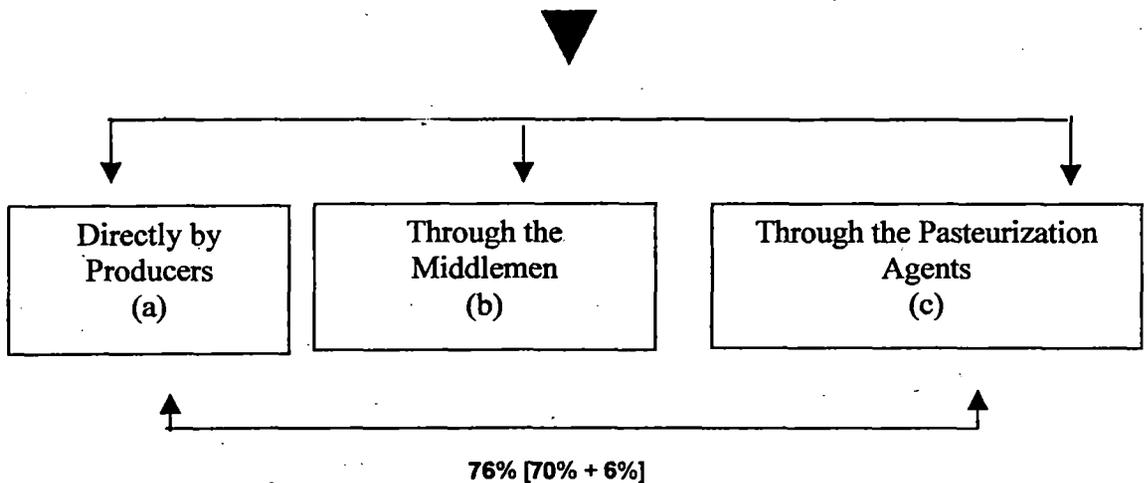
Apart from Bengali sweets, primitive production of Ghee and Dahi hardly releases any pressure of demand for milk. A meticulous study of table 4.2.07 of the preceding chapter reveals that at least 70 per cent of milk produced by 109 producers of 180 households is consumed as fresh unpasteurised milk by consumers mostly outside villages. Again, about 46 thousand litres are directly or through the medium of middlemen sold to the makers of Bengali sweets of urban centres and primitive makers of Ghee and Dahi. That is to say, about 24 per cent of the milk produced by these producers is sold to primitive makers of milk products. And nearly whole of the residual that 6 per cent went to pasteurization agencies.

Chart No. 1

CHART OF MARKETING OF MILK FROM HYV COWS



REACHING OF CONSUMERS OF FRESH MILK



The existing demand for fresh milk from the traditional producers of milk products is still at a level that signifies ^{that} we are as yet too far from exploiting the natural advantage of the district to turn it into a modern milk complex of unusual importance.

5.5 PRESENT LEVEL OF PASTEURISATION

The data presented in the last chapter show that of the three Blocks surveyed, one Block, namely Tufanganj I does not get any benefit of any demand of fresh milk from any agency of pasteurization. Only in two Blocks namely, Koch Bihar II and Tufanganj II, producers of milk could sell a little milk to the commissioned agents of these pasteurization institutions. Village milk producers have been able to sell a little milk to HIMUL. One organization of Koch Bihar named HIMUL III also bought fresh milk from the milk producers via commissioned agents. This project as a result of Indo-Bhutan Cooperation using packages for storing pasteurized milk so that the same could be marketed in far away places for consumption as fresh milk has stopped since we finished survey work.

Conditions improved to some extent by the move of the Government of West Bengal in setting up a pasteurization plant at Nilkuti adjacent to Koch Bihar town in 1998, three years after our survey work. As a result of the coming of this new organization it is possible some more village level producers of milk of the district of Koch Bihar are now in a position to produce additional milk for selling to this new organization named 'Koch Bihar Dairy'. So far the Torsha Milk Pack and Torsha Ghee in plastic container are being sold by this new organization. As we have come to know, this new dairy has now been selling its products in the urban areas of Dhubri district through commissioned agents. As this development took place after our survey work, we are not in a position to give any idea of its impact on the production of the village level milk producers. Before the appearance in the scene of both the Indo-Bhutan Project of HIMUL III and Koch Bihar Dairy, a Project of West Bengal Government HIMUL of Matigara area of the district of Darjeeling started, for quite a number of years, collection of milk from villagers ^{through} commissioned agents.

HIMUL, however, was originally set up to cater to the needs of the Darjeeling hills. As till 1911 Calcutta was the capital of India and Calcutta was

also the head quarter of English businessmen till the mid-sixties of the twentieth century. Till 1911, however, Darjeeling town was the summer capital of the Governor General of India. British businessmen, businessmen of Calcutta and members of well to do middle class families all frequented Darjeeling hill town from April to October. British businessmen and others induced to rear high-breed cows from Europe to increase supply of fresh milk and milk products. Under the Nehruvian regime of commanding heights of the public sectors, most British businessmen sold their business or appointed agents and started living in England. Consequently, there appeared a threat to the continued supply of milk and milk products on the Darjeeling hills. It was to cope with this threat that HIMUL, the full name being Himalayan Milk Cooperative Producers' Union Limited, was originally a cooperative union of a number of milk producers' cooperative societies, all located on the hills of the Darjeeling district. This was set up in the year 1972 in collaboration with World Food Programme through the National Dairy Development Board (NDDB). Indian Dairy Corporation (IDC) finances to HIMUL to develop milk cooperatives on the pattern of AMUL in the same year.

Soon after the HIMUL Dairy started functioning the Government of India initiated the first Operation Flood (1970-1981). It appears that during this Operation Flood HIMUL Dairy did not get the benefits of foreign milk powder and butter oil. Milk procured from the Darjeeling Hills were sold initially by aluminum measures of litres.

During Operation Flood III HIMUL's activities were extended to the plains of the Darjeeling and other districts of North Bengal namely, Siliguri Sub-Division of Darjeeling district, Sadar Sub-Division of Jalpaiguri district and Islampur Sub-Division of North Dinajpur District. With the help of foreign milk powder and butter oil under a contract the selling of milk by HIMUL Dairy through its numerous selling agents increased.

In the nineties all contracts for foreign milk powder and butter oil lapsed. HIMUL looked for collecting milk from different villages as a result HIMUL could achieve its target during Operation Flood III inspite of all

efforts. It aimed at organizing 5 hundred village milk societies but it failed to manage not more than 350 village milk cooperatives. Actually, only 233 societies are functioning. The most surprising fact is that HIMUL could achieve only 45 per cent of its milk procurement target.

We have described the background of the foundation of HIMUL and its role in Operation Flood for sometime. None of the people concerned with the development of the districts of the North Bengal Division of the State of West Bengal was concerned so far in making any of the districts of this division as specialized dairy complex. Its origin was the need of replenishing milk supply for the hills. Midway it was a part of Operation Flood and catered to just the fresh milk needs of increasing urban areas of the districts of the division.

When the contract for foreign supply of milk powder and butter oil expired HIMUL looked for increase of sources of fresh milk to villages through the appointment of commissioned agents. It started operating a plant producing concentrate named Himuldana. Of late it is producing Ghee and selling it in a plastic container. Very recently, Paneer ^{and lassy are} being sold in hygienic packets.

We mention here some of the defects of the working of the HIMUL Dairy of Matigara. The plant never took up seriously the task of allowing the rural people produce more milk, earn more income and get more employment and move gradually for high productivity. Obviously this can be done only if a plan is ready for using surplus milk for producing various milk products for the needs of other areas and also for exports.

If we set aside for the moment the question of selecting most parts of the division of North Bengal for various sorts of milk processing, the demand for plastic packs of pasteurized milk in the neighbouring districts of Assam remains unfulfilled. This means enough fresh milk is not being collected and pasteurized.

There are two main causes for this. Firstly the HIMUL Dairy does not keep enough cash to buy from the villagers on cash. They encourage their commissioned agents to buy on credit and pay to the producers days after they

get milk from producers. Secondly, attempt of the HIMUL to barter Himuldana, the cow feed, for fresh milk from producers has a thoroughly depressing effect on the prospective milk producers.

Apart from these two immediate causes of insufficient collection of milk from village level producers there are fundamental causes for the absence of motivation among the productive workers of the villages to emerge as good producers of milk. The HIMUL has not been instrumental in setting up cooperative societies of milk producers in any set of villages. As a policy supported by the State Government these members of the lower level producers' cooperative could have obtained loans from banks through HIMUL. HIMUL could have recovered such loans by getting milk on fair price.

Another fundamental defect of the HIMUL Dairy from the beginning was that it was run by non-specialized, non-professional bureaucrats. A non-professional management of such a productive system deadens dynamism and closes the opening for innovation. This might be just one reason, though not the whole reason, for the non-discovery of the potential of any of the North Bengal districts as a possible areas of milk complexes for consumption in wide areas outside North Bengal including some foreign countries.

5.6 PRESENT LEVEL OF COOPERATIVE MARKETING

Cooperative marketing has created wonders in the formative years of many of the countries which are now recognized as developed countries. Ideas generated in country moved to another country like wild fire engulfing one forest after another. The British administration in India, howsoever, they might have ^{been} unfriendly for a century, wanted to introduce diverse system of cooperative societies. They had no plan to appoint a Government administrator in any cooperative society. If any cooperative society could not progress the society had the option to close down. One of the rural models of cooperative societies was the celebrated Raiffeisen model. This created wonders in many European countries. Although, its origin was in Germany it changed the face of rural economy of Holland. The British Government enacted for some sort of diversity of cooperative organization. The British officers who moulded the

British cooperative policy in the first part of the twentieth century were well-versed in the story of cooperative movement in Europe before the First World War. Economic development in Europe began especially in countries which are now known as well-developed began before the seventeenth century. By the time, democracy in modern sense began abysmal poverty in any part of the country almost vanished. Shop-keepers and owners of petty businesses in towns were larger in number than the whole set of owner – operators in agriculture. The political favouring in any the farming community was likely to receive poll thrashing. It was imperative for the political parties, therefore, to follow a policy of pure non-intervention. The British Administration in India exactly did the same for India. But the twentieth century was the year of national struggle in India against the British rule. Political leaders in general, were not interested to cooperate with British by following the British lead in cooperative movement.

Raiffeisen model of cooperative credit society is a society of members with unlimited liability. One of the cooperative societies built in Bengal under the early-British Indian Cooperative Law developed into perhaps best independent cooperative bank of the whole of Asia. This bank namely The Sridharpur Cooperative Bank later in free India became a subject of great deal of politicking and there were many attempts to restrain it legally and politically.

In free India, there has been a general attempt throughout India to increase the participation and control of the State Governments in cooperative societies. This has been thwarting the motivation of people to work hard and increase productivity.

Of late, under the system of globalization there has been steady decrease of the rate of interest under the united operations of the Finance Ministry in the Centre and the Reserve Bank of India. This is happening when the vast percentage of rural people are under employed and are absolutely and relatively poor. It is, therefore, necessary that they should be kept autonomous against the onslaught of the Central Finance Ministry and Reserve Bank of India and

allowed full freedom to have diverse form of free cooperatives without government participation.

The defects of the government dominated cooperative banks are many. General meeting of members are not held regularly and if these banks are allowed to accept deposits from the people the government might be free to transfer the same from the rural sector the money thus collected. Besides, the officers of the cooperative department in many cases dominate over decision-making and rural people do not develop leadership and, what is more, are deprived of advice from enlightened self-less noble souls.

Curiously we have seen some un-registered cooperatives of special commodities which are not located within one or two kilometers of the residence of members. So the members cannot attend general meetings of members. As a result bad people are appointed secretaries and chairmen. Members' interests suffer thereby.

5.7 ROLE OF THE GOVERNMENT

In some of the advanced states the state governments have their own marketing corporation for some agricultural commodities. These corporations buy commodities for farmers or farmers' cooperatives and sell them through private network of sellers or exporters. No such marketing corporations have been set up in West Bengal. Regulated markets have, however, been set up in West Bengal, as in other states of India.

But in the case of milk and processing of milk, everything may be done by the farmers or their cooperatives. The Government has so far failed to take any initiative of allowing the launching of new activities in the villages and provide extension of all sorts and arrange for marketing network and export.

5.8 LACK OF OPERATORS' FREEDOM ORIENTED REFORMS

So far reforms galore in India for flow of continuous foreign investment into India. There is no urge of reforms in interest of raising an efficient army of productive workers and the growth of investment by them for raising their productivity to the height of international level. This explains why the present

set-up of marketing of milk especially on the basis of natural endowment of the North Bengal districts is almost as good as absent.

5.9 SUMMARY OF THE CHAPTER

The marketing set-up for milk producers of villages surveyed is limited indeed. Producers themselves go to markets to sell to consumers. Middlemen are important traditional marketing agents. Agents of Koch Bihar Dairy and HIMUL Dairy have to a very limited extent caused expansion of milk output of a section of milk producers. A network of cooperative processing of milk and milk products and marketing with professional management right in the villages would have established the area as strong milk and milk product exporting area.