

Adopt Anand Model (Milk) for Food, Clothing and Shelter and be a Happier Nation

*** Dr. S.V. Kulkarni**

* Mumbai University's Ph.D. Guide (Management Studies) and Assistant Professor at Ilim)

In its 2013 World Happiness Report, the United Nations made an important distinction between happiness as a point of view and happiness as a distinctive measurement of well-being and quality of life.

In order to rate a list of nations from the happiest to the saddest, the UN took into account six criteria-Productivity per person, Social support, Life expectancy, Freedom to make choices, Generosity and Perceptions of corruption. According to the list, the happiest nations are all in Northern Europe-Denmark, Norway, Switzerland, Holland and Sweden. The saddest countries are in Africa: Rwanda, Burundi, the Central African Republic, Benin and Togo.

There are some curious rankings on the list. Mexicans(at No.16)appear to be happier than Americans(No.17);people in Venezuela(No.20) are happier than people in Germany(NO.26) and Uruguayans(No.37) are happier than the Japanese(No.43).

The study makes it clear that, happy people are not usually the wealthiest or those with the most possessions. They are generally Healthy, Employed and living in an open society with clear rules. When it comes to how our point of view affects our happiness, many of us think that, happiness is right around the corner or that moving to a new place and starting a different life will make us happier. That is why we go on vacation, for instance.

Identifying a place with happiness is nothing new. Columbus thought he had found happiness upon seeing an idyllic place along the coast in the New World-a region in what is today considered Venezuela. It is believed that, he was even convinced he had found paradise.

Today, Venezuela is quite far from being considered paradise on earth. The vice ministry of supreme social happiness, formed by Nicola's Maduro, Venezuela's leader, and intended to reduce sadness in the country, has done nothing to reduce crime and corruption, nor has it provided an escape route from Venezuela's agonising economic crisis.

Indeed, happiness cannot be spread through decrees or by ministries. True happiness boils down to achieving a minimum level of well-being for people. A nation in which people can co-exist in harmony is a happy nation. Happiness is reachable, and its benefits are tangible.

While Denmark stood first in overall happiness ranking, it is also known for its milk-management practices. Interestingly, India is world's largest milk producer and on happiness quotient is far behind. Milk being a common thread between these two countries, we need to find out how we can become happier by managing our dairy sector more efficiently. While we may not be as happy as Denmark, we may try to improve our dairy sector along their lines which may help us in increasing our happiness quotient by some degree. We may be perhaps superior to them because of the following-

- 1) We are the only nation in the world, which gave every adult the right, to vote from its first day. In the US, the world's second largest democracy, this right was given more than 150 years of independence
- 2) Just after birth (independence) we executed the world's largest Merger and Acquisition activity, when 560 small princely states joined (merged) into the Union of India. Hardly any blood was not split, nor any bullet fired.

3) We have the most number of languages spoken in any one nation.29 languages are spoken in India, by more than 1 million people each. (Canada almost broke up into two in 1960s because of tension between English and French.4) More than 1650 dialects spoken.5)16 major bloodless changes of power (Loksabha) at the centre.6) Constitution drafted by a Dalit.7) Presence of largest number of ethnic groups.8)

Largest diversity of races.9) Largest number of elected persons in the world (1 million) 10) Largest number of Elected Women (Panchayat etc.)11) Among the very first countries to have a Women Head of state.12) has elected woman as Speaker and President.13) One of only 3 countries that refused to sign Nuclear Non-Proliferation Treaty on matter of Principle.14) Developed nuclear technology indigenously under world boycott.15) Lowest cost producer of nuclear energy (1700\$ per kilowatt.16) only country to develop thorium-based nuclear power. 17)Among the first country to develop Satellite for domestic communications 18)Lowest cost launcher of commercial satellites into space 19)One of only 5 nations to launch nuclear submarine 20)One of only five nations to send unmanned mission to moon.21) Lowest cost producer of Steel 22)of Aluminium 23)of Cement.24)of Fertiliser.25) Largest single location Copper smelter 26)Lowest cost delivery of wireless telephony 27) Fastest growing Telecom market 28)Biggest users of the 'missed call'29)World's lowest-cost supercomputer 30)Lowest cost car(Nano) 31) World's largest producer of Two-wheelers 32)Largest single location Oil Refinery 33)World's largest Milk producer(90m tonnes.34)Largest Butter producer 35)World's largest milk producing co-operative 36)Among the largest producer and consumer of Pulses 37)Second largest producer of Sugar 38)Third largest producer of Cotton 39)Largest importer of Gold(700 tonnes)40)Largest consumer of Gold 41)Ninety per cent of all diamonds polished and processed here 42)Third largest stock exchange(by number of transactions) 43)Largest no.of Post-offices-1.5lakh 44)Largest number of Bank account holders 45)Largest no. of Agriculture plot holders (100million)46)largest inward remittance receiver from Non-residents (\$50billion)47)Largest Intra country remittances 48)World's third largest Railway network 49)Largest single employer-Indian Railway-1.5 million 50)Highest number of daily Train passengers 51)World's second largest Airport-Delhi 52) world's highest bridge near Leh) 53)World's highest Motor- able pass(Khardung La 5600m) 54)World's largest number of Movies produced annually 55)India's Mid-day meal scheme is world's biggest school lunch programme-120 million meals served daily. 56) Largest National rural employment in the world 57) Third highest run getter in test cricket 58) Highest number of test and ODI centuries 59) Kumbh mela is world's largest religious congregation-30million pilgrims. 60) Largest number of independently owned Newspapers 61) Home of the Sachet revolution and Micro-finance 62) the world's fastest growing Free Market Economy.

Dairying in India is as old as the Indian civilization itself. Milch animals like Cattle and Buffalo are a symbol of purity and motherhood in the Hindu religion and domesticated as an integral part of the Indian Social System. Though the practice of Milch animal rearing and milking continued over the centuries, no organised efforts were made to exploit its commercial potential, and it continues to remain as a domestic support system to the society.

If the genesis of Organized Dairying in India is traced, it is rooted only in the early part of the 20th century, during the Pre-Independence era, with the establishment of military farmers, by the British Government. They established these farms to ensure supply of milk for their Army. Consequent to the establishment of organized dairying in India, milk procurement from rural areas and its processing and marketing in urban areas continued to be a major problem for the growth of the sector. There was no Integration between Milk-production, Processing and Marketing.

Being a tropical country, India has varied seasons ranging from extreme cold to very hot. Although Indian breeds have endured to withstand the variation of temperatures; decline in milk production during the summer months is a usual feature affecting the availability

of the milk. The seasonal variations and regional imbalances in milk production have been the added impediment. One of the greatest weaknesses of the dairy industry has been, the quality of milk. The basic reasons are attributable primarily to the lack of hygiene, and inadequate sanitation at the production level, since major milk producers are Small, Marginal and Poor living at the subsistence level.

Prior to the establishment of dairy processing facilities in the major cities, and creation of a national milk grid, major city milk supply used to be done by the milk dwellers. With the growth of population in the urban areas, consumers had to depend on milk vendors who kept cattle in the urban areas and sold their milk often door-to-door. To exploit the urban demand, private milk contractors took away the best milch cattle from the villages and established cattle stables in the cities. They were not only fouling the environment, but also starving the calves to death and slaughtering the milch animals. When they went dry, thereby causing an immense genetic setback, as a result, several cattle sheds came into existence in different cities, which is popularly known as Khatalas (Tabelas) in the country.

The situation has led to an unsatisfactory low level equilibrium, due to which 40-50% milk being produced in India is, still either retained at the producer's level, who are primarily small holders, for their own consumption or surpluses are being channelized through informal supply-chain dominated by middlemen or milk dwellers cum vendors etc.

Institutional structure for milk production/processing and marketing-

The government tried out different strategies to develop organized dairying during the 50s and 60s. These schemes were established initially in the Metros followed by major cities, in India. Due to lack of vertical integration in the milk supply system, most of these milk schemes used to depend on imported commodities for its subsistence. The country thus became import dependent to sustain the city milk supplies, as far as the organized dairying was concerned. Commodities such as Milk powder, Butter etc. were imported into India to meet the occasional gaps that occurred between the urban milk demands and supplies. Such dependence on imports was prevalent with the government milk plants, until the white revolution took place in India, consequent to the implementation of the Operation Flood Program in 1970.

Though the government's efforts to expand organised dairying in India, did not meet with requisite success, a vertically integrated Co-operative structure involving Farmers in managing its affairs became popular, in western part of India. This movement though commenced in 1946, received due acknowledgement only subsequent to continuous failures of government dairy programs.

With its popularity, the co-operative movement, which originated in a town called 'Anand' in the state of Gujarat, became known as the 'Anand Model' of Co-operative Dairy Development.

In the Anand Pattern, each village Co-operative elects their executive committee members and they get federated at the district level by electing their representative as a member of the district level co-operative. With the growth of 'Anand pattern' district level co-operatives, it was federated into a state level cooperative federation.

Since the 'Anand Pattern' successfully demonstrated how the small holders can be brought into the organised dairying, a program was evolved to replicate the system, in the different milk potential states in India, which is known as 'Operation Flood Program (OFP)'. This was a single commodity (milk) program using food aid as a tool for Socio-Economic Development. The National Dairy Development Board (NDDB) of India launched this program in 1970. In the program, surplus commodities from Developed countries were given as aid, which generated additional funds over and above the planned funds of the Government of India. The initial donor was the World Food program (WFP) and subsequently EEC and World Bank joined the program.

While the EEC provided the food aid, the World Bank extended financial assistance and Technical/ Managerial expertise. With the success of the OFP, the 'Anand Pattern' became popularly called as the 'Anand Model' of Dairy Development.

The OFP during its 3 phases implementation between 1970 and 1992 established co-operative institution based on the 'Anand Model' in 183 milk-shades, spread over different states of India. Processing and marketing infrastructure were created in Metro and major cities as well as rural dairies and chilling centers. The program also covered Up-gradation of milchanimals, Veterinary and Healthcare, provision of balanced Nutritional feed etc. to enhance milk production in the project area.

The success of OFP has demonstrated how food aid can be used to act as a catalyst to enhance domestic production, if administered with care. The OFP taught the stakeholders, who are primarily Small, Marginal and land-less that they could become self-reliant. Consequent to the successful implementation of the OFP, the co-operative dairying took firm roots in the milk scenario, in India.

44% of the milk produced in India, is retained in the villages by rural households; 19% sold as loose milk in urban areas. The remaining 37% is handled by the organised sector, out of which 70% is handled by the co-operative institutes. Subsequent to OFP implementation, the Import dependence for the urban milk supply almost came to a halt; and on the contrary, India during 90s, commenced occasional exports of its surplus commodities, primarily in bulk form around 5-10 thousand MT per annum, which touched around 50 thousand MTs, during the year 2006-07.

The Govt. of India, as per its commitment to the world trade Organisation (WTO) had introduced liberalisation policy in June 1991, when the Indian dairy industry too was opened for Private/Foreign investments. However, milk being an essential item, was declared 'sensitive'. Therefore while on one hand, certain restrictions were removed to enable private corporates, both Indian and Multinational, to invest in the Indian Dairy Sector, certain regulatory mechanism was also introduced by the promulgation of a central government order called Milk and Milk Product Order (MMPO), 1992. One of the conditions of the order was to restrict, the new entrepreneurs to enter into the milk shades which were already reserved for the existing dairy organisations, especially dairy co-operatives, there by providing a certain level of protection to the co-operative institutions. But in the recent past, the order has been modified by removing the restriction, referred above which has resulted into sudden expansion of the private sector also.

Consequent to the opening up of the Indian dairy sector, the number of processing facilities has taken a quantum jump. At present, there are 678 dairy processing units registered in India, which process around 12-15% of the milk produced in India, totalling to 26.63 MT/year. Out of the total no. of dairy processing units registered under MMPO, 403 are private dairies, procuring around 11.83 MT/year. The remaining 63 government plants have the balance processing capacity of 4.44 MT/year. These dairy plants are registered in the different states of India.

Thus, 4 types of supply chains have evolved in India, out of which 3 are Institutional, consisting of Government co-operatives, Co-operative and Private and multinationals termed as the organised dairy sector. The organised dairy sector collects around 12-15% of the milk produced in the country. The remaining 38-44% of the milk production is being handled by the traditional or un-organised sector. The milk production in India is spread around 600 Districts and 6.27 lakh villages. It varies from region to region and state to state. Consequently, dairying potential, as stated above is in variance from district to district. Around 350 districts are identified as high or medium potential dairying districts, whereas remaining 250 districts are having low or very low potential.

Milk Policies

Indian dairy development policies are primarily formulated by the government; both at the Centre and State levels. The central government formulates policies, which are being implemented by the states since, constitutionally Agriculture along with Dairy, and Animal Husbandry is the state subject. The central government formulates policies through the Planning Commission of India. The dairy and animal husbandry programmes were initiated under the key village department program of the second five year plan of the Agricultural Ministry which commenced in 1956. Third five year plan onwards, Dairy and Animal Husbandry were introduced separately as a sub-sector under the Agriculture Development program.

With the growth of the dairy sector in India, the government created two separate ministries, one is the Ministry of Food Processing Industries (MFPI) and the other is the Department of Animal Husbandry and Dairying (DAHD) in 1991.

The MFPI, deals with policies concerning milk products such as value addition, whereas the DAHD deals with milk production and processing. Also, there are multi-institutional involvements under the domain of central and state governments. These institutions are either part of the government or financially supported by them. These institutions deal with Dairy Education and Research, Dairy Development; Milk products export promotion, Inspection, Quality Testing Certification etc.

Besides, there are apex level organizations like the 'National Dairy Development Board', National co-operative dairy federation of India, National Co-operative Dairy Corporation, State Dairy co-operative Federation etc. These organisations also formulate policies concerning dairy development as well as co-ordinate with the State and Central governments, to translate the various policies into action. However, these institutions are responsible for co-operative dairy development only.

There are no institutional supports similar to co-operative, provided by the governments, both at the centre and state, for development of dairying in the private/corporate sector. Besides, the government is neither funding nor giving any policy support to the unorganized(informal)sector for their sustenance. Nonetheless, both the Private Corporate and the Unorganised (informal) sector do derive lateral benefits of the government policies, time to time initiated towards the overall growth of the country's dairy sector.

Milk Pricing

The milk price, both production and selling, varies from region to region and from state to state commensurate with the production pattern and seasonal as well as regional variances in the country. The lean and flush season production ratio varies as high as 30:70. Both the milk farmers and the consumer's price differences are equally high between the milk surplus region/states to the milk deficient region/states in the country. Over and above, demand pulls and pushes of the production, do reflect on milk pricing of the country. Consequent to the globalisation and opening of the markets, the international prices have a bearing on the Indian milk prices, both in liquid and conservable forms. In India, Ghee, Milk powder and especially Skimmed Milk powder are the major price drivers. For instance, the price of skimmed milk powder recently spiralled by 30-40%, consequent to rise in international prices. This has also reflected in both procurement and selling price of milk and milk products in India. The milk prices in the Eastern and Western region are higher compared to Northern region, where as the prices in Southern region is the lowest. The milk prices in Northern region are closer to Western and Eastern regions.

Dairy Strategies/Prospects

The Indian dairy story establishes the fact that in a country, where large population of small farm holders exist, dairying cannot be transformed radically at par with the Developed countries, resulting into a Production oriented, Technology driven profit making business enterprise. It has to continue as a Labour driven small holder enterprise having low input-output cost ratios, adoption of low cost home grown technologies and keeping socio-economic benefits, as the prime objectives since such an institution is extremely relevant in a scenario, where unemployment is mounting, leading to economic disparities as well as social disorder.

Lessons the country has learned from past experiences in India dairying is that, the 'Anand Model' of co-operative dairy development should be the answer to foster the growth of the small dairy holders, both at the regional as well as national levels.

However, there are problems in propagation of such a model, particularly where the government interventions are high and the basic structure of model is being diluted.

With the opening up of the Indian dairy sector, the problems currently faced, both in the demand and supply side along with the restructuring of the existing institutional framework are being reviewed by the policy makers. The national strategy is to sustain the basic character of Indian dairying, at the same time, to deal with the competitive environment arising out of globalisation. Making a real impact on the ground however will require going beyond the identification of constraints, policy prescriptions/options and institutional models.

It requires integrating this analysis with the large political economy of the country. A close examination of policy processes including Legislation will be the first step towards identifying ways of empowering the farmers with political voice and influence. This means securing commitment at its highest political level, and nurturing appropriate Organisations and Leaders. This would enable co-operative institutions such as 'Anand Model' to become an effective tool for fostering the growth of small dairy holders. Besides, building credible alliances with NGO's, Dairy education institutes, as well as private/corporate sector participation will play a crucial role in this endeavour.

If we can match the productivity norms of countries like Denmark in its milk management, and provide a similar model (Anand Model) in other essential items like Food, Clothing and Shelter, we would be inching towards the upper top 10 numbers of the happy nations. All countries, with similar kind of background like India, can apply the same formula, in order to increase their happiness quotient.

References

- 1) Dr.S.V.Kulkarni's Doctoral thesis submitted to Pune University in the area of Marketing of Dairy products.(2002).
- 2) Article by Jorge Ramos titled-The Greece-paint of happiness in The Week, August 9, 2015.
- 3) Various issues of Economic Times
- 4) Article titled-packaged dairy products in demand by Dr.I.Satya Sundaram in Magazine -Facts for You, April 2009
- 5) Credit Delivery and Financial Inclusion-Annual Report of theRBI for the year 2011-12.
- 6) Speech by Mr.YSP Throat, Managing Director, National Bank for Agriculture and Rural Development (NABARD)
- 7) Dadich, C.L. (2010), Governance of Dairy Co-operative Financing Agriculture, December2010, Agriculture Finance Corporation.

- 8) Patel Amrita (2004), ensuring a Future for Co-operatives in India, The law and other Challenges-Centre for Management Development, Thiruvananthapuram
- 9) National Dairy Development Board, 2000-2010, Annual reports
- 10) Government of India (2010), Basic Animal Husbandry Statistics
- 11) Government of India (2012-13), Economic Survey
- 12) Kurien, V. (1987), From a Drop to a Flood, National Dairy Development Board, Anand
- 13) Heredia Ruth (1999), the Amul India Story, TATA McGraw Hill Publishing Company Limited
- 14) Harland, C.M (1996) Supply Chain Management, Purchasing and Supply Management, Logistics, Vertical Integration, Materials Management and supply chain Dynamics, in N.Slack (Ed), Blackwell Encyclopaedic Dictionary of Operations Management, Blackwell, U.K., Gujarat Co-operative Milk Marketing Federation, 2000-2013, Annual reports of various years