



**Welcome to a presentation  
on**

**Key Elements of Success of  
Bihar State Milk Cooperative Federation  
(COMFED)**

**Before  
Participants of Workshop on ACP and  
Task Force on Maize and Poultry  
June 25, 2009**

# Our Organisation

---

- Born in : 1983.
- We are neither a GO nor an NGO.
- We are People's Organisation, an Organisation
  - of the people,
  - by the people and
  - for the people.
- We have three tier working structure.
- At village level, have more than 7400 dairy co-operatives affiliated to six district/milkshed level Milk Unions which in turn associated with Comfed.
- We are apex body of dairy cooperatives in the State and are popularly known as Comfed.
- Coverage : In approx. 9250 villages of 28 districts.

# Our Mission

---

- Socio-economic Upliftment of Rural Farmers through Co-operative Dairying.
- Cater to the needs of Urban Consumers by supplying hygienically packed milk/milk products at reasonable rates.
- Development & Expansion of such other allied activities conducive for Dairying, improvement & protection of milch animals for betterment of milk producers.

# Our Operations

---

- Organising farmers into Groups - dairy cooperative societies (DCS) in the village to be managed by an elected Management Committee of milk producers.
- Training the farmers in day to day operation of dairy cooperatives, dairy animal management.
- Making available milk testing equipments and other infra-structure required at DCS.
- Providing milk production enhancement inputs to milk producers.

# Our Operations

---

- Procurement of milk from milk producers through dairy cooperatives both in morning and evening.
- Value addition to milk procured at dairy plants.
- Marketing of liquid milk and milk products.
- Payment of remunerative price - around 73 paise out of every one rupee collected from consumers.

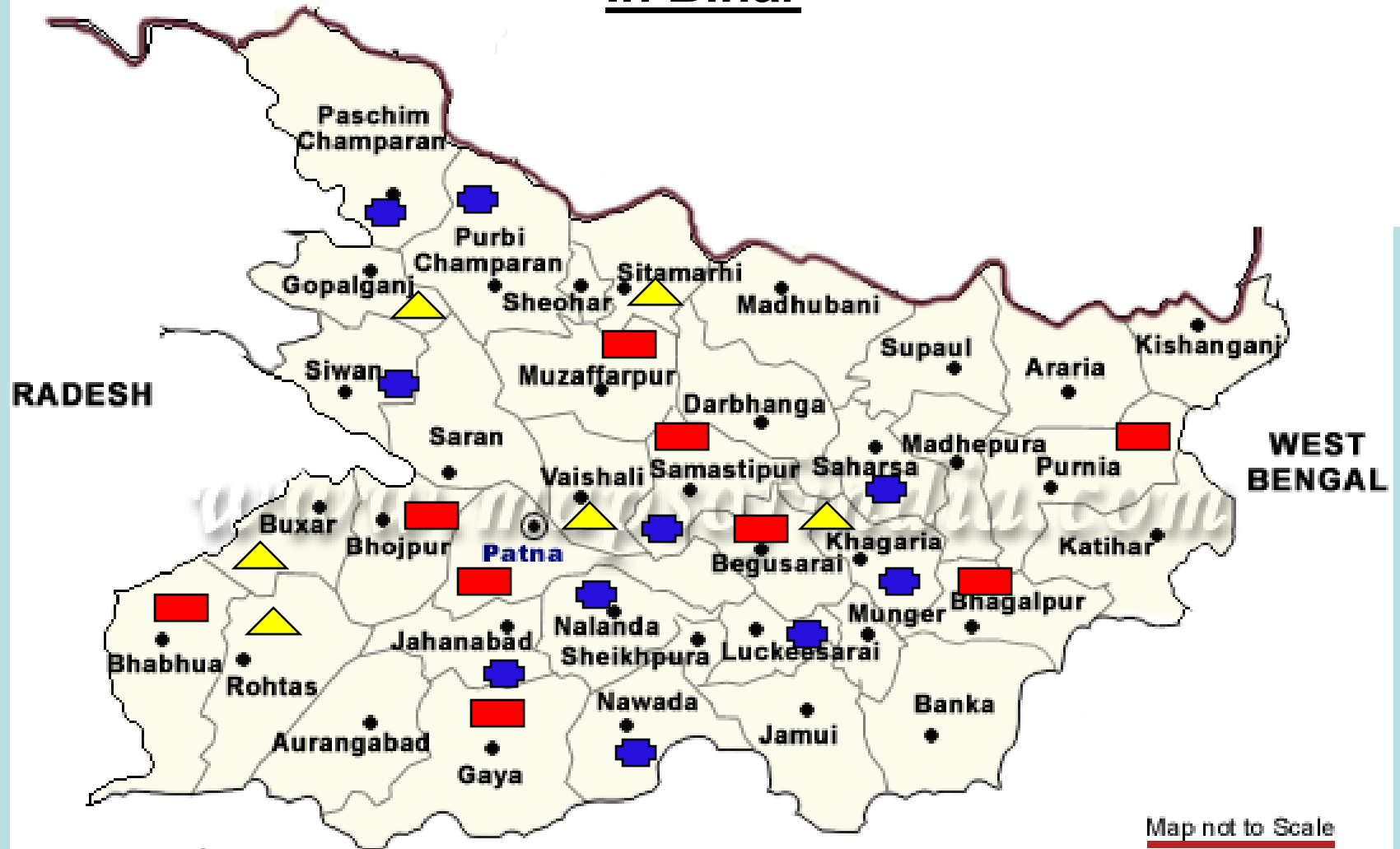
# Our Operations

---

- Procure around 6.0 lakh kgs. of milk from milk producers thro' dairy cooperatives every day and pay Rs. 2700 lakh/month to farmers as milk price.
- After processing/value addition, market almost 7.0 lakh litres of milk in pouches and milk products in 84 cities/towns of Bihar, UP, Jharkhand and West Bengal.

# District-wise Processing / Chilling Infra-structure

## In Bihar



### LEGENDS

- Dairy Plant - 635 TLPD
- Bulk cooler - 180 TLPD
- ▲ Chilling centre - 100 TLPD

Map not to Scale

- ⊙ State Capital
- District Headquarter
- State Boundary
- International Boundary

JHARKHAND

# Processing Capacities

<u>Name of Plant</u>	<u>Capacity (TLPD)</u>	<u>Management</u>
Patna	150.0	VPMU
Barauni	160.0	BMU
Muzaffarpur	100.0	TMU
Samastipur	100.0	MMU
Arrah #	60.0	SMU
Jamshedpur	100.0	Comfed
Ranchi	60.0	Comfed
Bokaro	40.0	Comfed
Bhagalpur	25.0	Comfed
Gaya	25.0	Comfed
Purnia #	10.0	BMU
Gopalganj	10.0	TMU
<b>Total</b>	<b>835.0</b>	

\* All Plants are **ISO & HACCP** certified except #

# Milk Chilling Centres/Bulk Coolers

---

<u>Chilling Centre</u>	<u>Capacity (TLPD)</u>	<u>Mgmt.</u>
Hajipur	60.0	VPMU
Sitamarhi	20.0	TMU
Khagaria	40.0	BMU
Rosera	20.0	MMU
Darbhanga	20.0	MMU
Kochas	10.0	SMU
Dumraon	10.0	SMU
<b>Total</b>	<b>180.0</b>	

# Milk Chilling Centres/Bulk Coolers

---

<u>Bulk Coolers</u>	<u>Capacity (TLPD)</u>	<u>Mgmt.</u>
Biharsharif	7.0	VPMU
Ekangarsarai	5.0	VPMU
Asthawan	5.0	VPMU
Gopalganj	4.0	TMU
Motihari	4.0	TMU
Lakhisarai	5.0	BMU
Jehanabad	5.0	Compfed
Lakhisarai	4.0	BMU
<b>Total</b>	<b>39.0</b>	

**Why Milk Co-operatives  
Have Delivered in Bihar ?**

# Why Milk Co-operatives Have Delivered in Bihar ?

---

- Sound Backward & Forward Linkages.
- Autonomy in operations.
- Strong Administrative Framework.
- Faster Decision Making.
- Stakeholders Participation in Management.
- Govt. Support

# Sound Backward & Forward Linkages

---

## **Backward linkage**

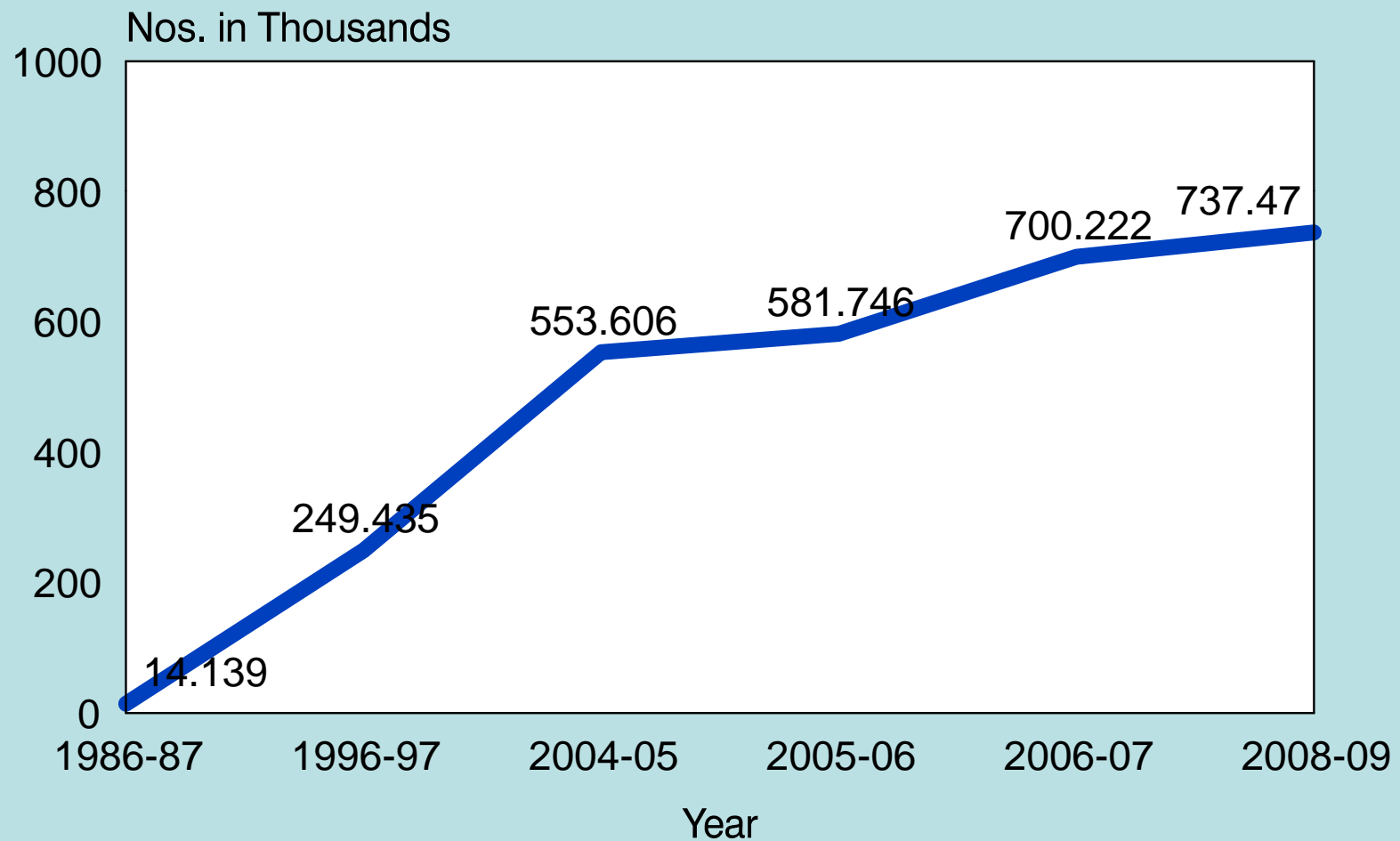
- Very strong and sound milk production enhancement system. Unions provide all inputs on Cost to the milk producers :
  - a. Breed improvement facility.
  - b. Animal health care.
  - c. Reduction in cost of production of milk through nutritional inputs, viz. by-pass protein feed, fodder seeds, mineral mixture
  - d. Skill up-gradation.

# Sound Backward & Forward Linkages

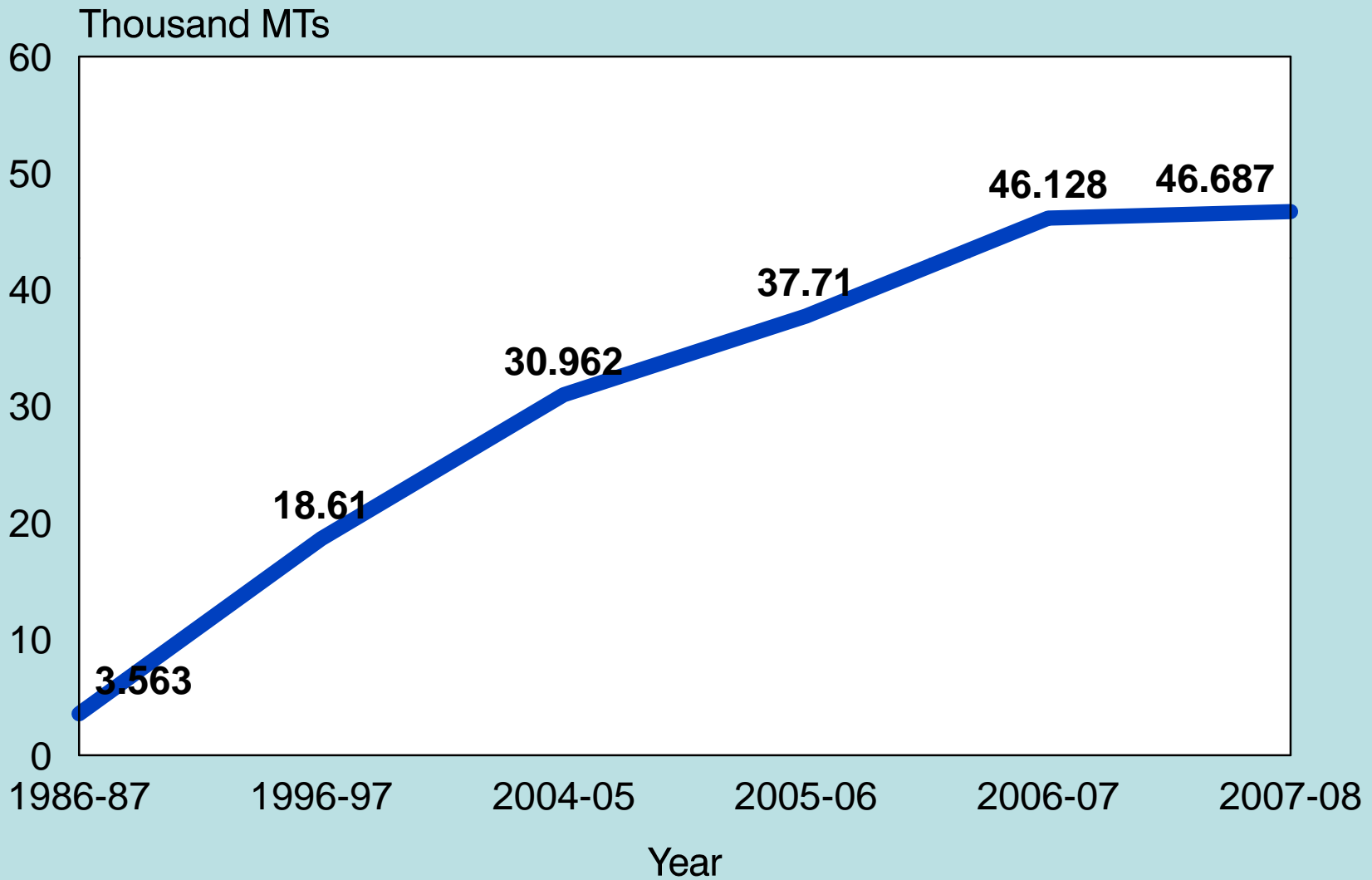
---

- Turn-around plan implemented in 1994-96 :
  - a. Timely and regular payment to the milk producers.
  - b. Purchase of cow milk.
  - c. Introduction of strong monitoring system for field activities.
  - d. Induction of milch animals as a short term measure to mitigate shortage of milk.
  - e. Strengthening of marketing efforts.

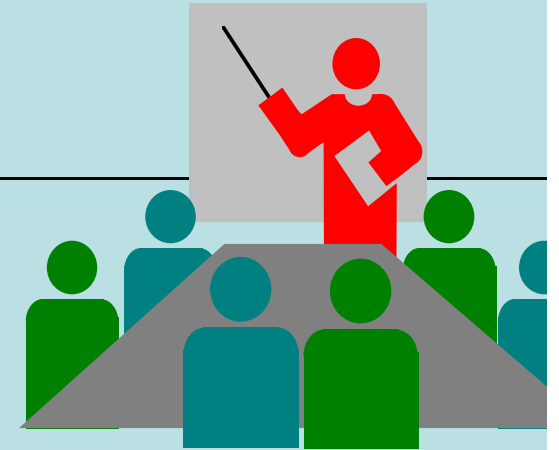
# Artificial Inseminations Done



# Sale of Cattlefeed to DCS



# Training Centre



- Established in 1986
- Lodging & Boarding Facility for 90 trainees
- Training to DCS Secretaries, MCM, Milk Producers, AI Workers & Union Staff as per need
- Training fees charged from Unions

<b>So far trained :</b>	<u>Total</u>	<u>Women</u>
<b>Secretaries</b>	<b>3900</b>	<b>422</b>
<b>MCM</b>	<b>27699</b>	<b>5473</b>
<b>DAM</b>	<b>3528</b>	<b>636</b>
<b>AI</b>	<b>1299</b>	<b>81</b>
<b>Other</b>	<b>6406</b>	<b>2762</b>
<b>TOTAL</b>	<b>42832</b>	<b>9374 (21.88%)</b>

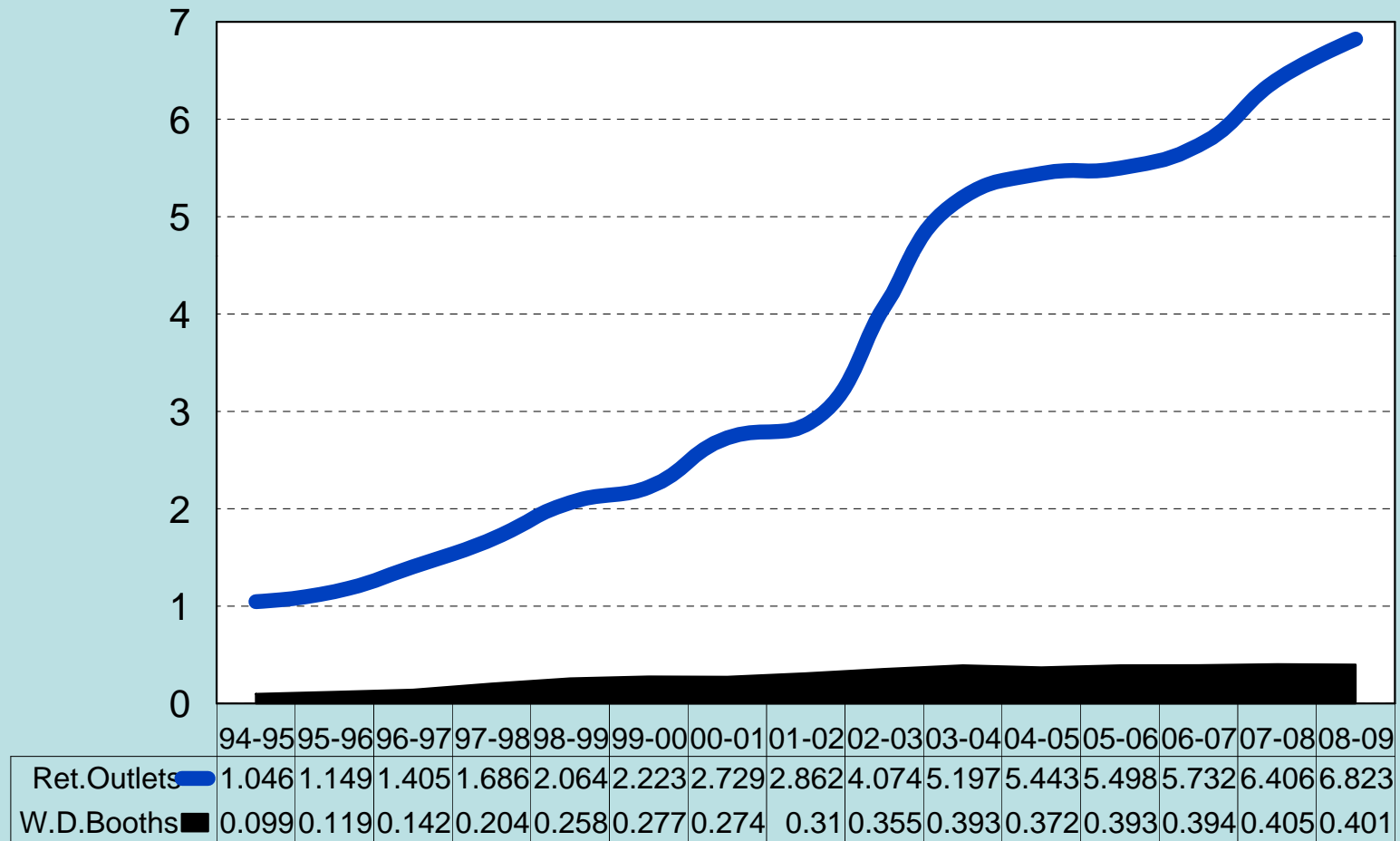
# Sound Backward & Forward Linkages

---

## Forward linkage

- Quality Assurance system. Nine out of 12 dairy plants are ISO/HACCP certified.
- Wide area net-work of distributors/retailers – more than 6825 concessionaires.
- Wider product mix – 24 products.

# Wide Area Network of Retailers



# Maintaining Quality



# Autonomy in operations

---

- Full functional autonomy granted by State Govt. in matters like
  - Procurement and sale price of milk and milk products
  - Manpower recruitment and deployment
  - Plan preparation and execution
  - Purchase of plant and machinery
  - Purchase of consumables and raw material

# Strong Administrative Framework

---

- From the very initial stage, a very strong administrative framework is in place and is strictly adhered to.
  - Pre-audit (before issue of any order involving finance and also before payment) by professionals Chartered Accountants (CA)
  - Internal audit (on monthly basis) by CA firms—format meticulously developed
  - Dairy Plant Management (fixation of standard for all major consumables like coal, diesel, poly-film, steam etc. and regular monitoring)

# Faster Decision Making

---

- In today's competitive environment, the success depends on fast decision making to face the challenges. It has been done through
  - delegation of powers (both administrative and financial)
  - systems developed at the corporate level to take financial and management decisions through functional sub-groups of senior executives.

# Stakeholders Participation in Management

---

- The participation of farmers is ensured in decision making by following Anand pattern of co-operatives.
- The chairman and board members of union are always elected democratically by the farmers.
- Chairmen of the unions are members of Comfed Board.
- At union level, the farmers' representatives i.e. Board members take decisions in areas of procurement, capital investment, personnel and finance in consultation with technical experts
- Managing Directors of unions are appointed by the Board of Directors of milk unions having farmers' representation.

# Govt. Support

---

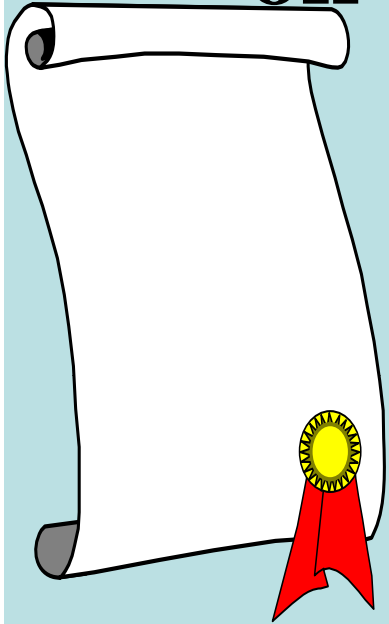
- Financial support in a big way for dairy development. Funds to the tune of Rs. lakhs made available to Comfed.
- No political interference.
- Active administrative support as and when requested.

## Socio-Economic Impact of Dairy Dev. Prog.

---

- Self Employment to rural youths at the village level - controlling migration to cities (3.75 lakh families)
- Direct employment as secretaries/AI workers in DCS, retailers, transporters, etc (15.5 thousand persons)
- Elimination of Caste system/Discrimination on the basis of religion in the DCS villages
- Women Empowerment

on'ble

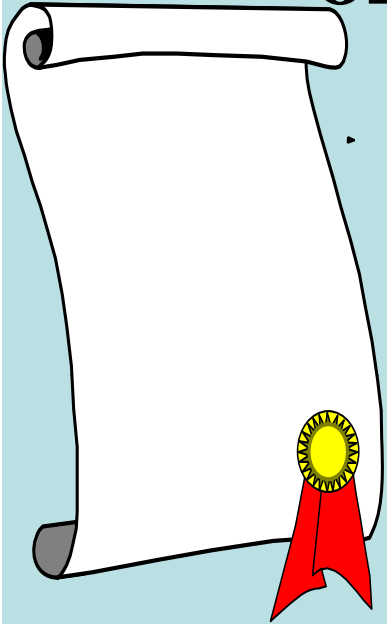


‘ uzaffarpur airy’

**PRODUCTIVITY AWARD**

For

on'ble



'atna airy'

**PRODUCTIVITY AWARD**

For

# Other Awards and Recognitions

---

- One lady AI worker of Samastipur was honoured by National Commission on Women.
- Patna Dairy Project has received the Best Public Utility Services and Systems Award from Productivity Council.
- Ratanpur Babhangame and Keshawe dairy cooperative societies have received the Cooperative Excellence Award from National Cooperative Development Corporation and felicitated by Hon'ble Prime Minister of India.

# Road Map 2008-12

---

## Enhancement of Productivity/Procurement

- ✓ Increasing Geographical area (19.5% to 37.5% coverage) by adding 5600 new DCS 15000.
- ✓ Increasing number of members from 2.67 lakhs to 8.25 lakh rural families and capacity building of 80866 milk producers.
- ✓ Milk procurement to be expanded from 5.65 to 12.0 lakh Kgs.
- ✓ Increasing AI network by establishing 1346 new centres.

# Road Map 2008-12

---

## Processing and Production

- ✓ For conservation of surplus milk solids, Drying Plant of 30 MT per day capacity.
- ✓ Marketing of milk to be increased from 6.0 to 9.0 lakh litres per day. Doubling the chain of whole day milk booths (from 401 to 803).
- ✓ Expanding the processing facilities to handle 16.35 lakh kgs. of milk per day.
- ✓ Creation of facilities for production of fresh milk products.
- ✓ Enhancement and establishment of new cattle feed plants from 260 to 560 MTs per day.

# Strategies

---

- Pay very attractive price to producers (75-80%) of the consumer price.
- Help milk producers to reduce cost of production by increasing productivity of animals through AI, better animal health, improved nutrition.
- Establishment of breeding units at farmers' level for induction of good cross-breds. Cattle insurance scheme will be taken up in milk-sheds.
- Cut down various operational costs by better loss management, reducing break down time, adopting process engineering concept, following regular preventive maintenance, latest technologies.

# Strategies

---

- Improving overall quality of operations right from DCS level to consumers. Following GMP and six sigma.
- Increasing the capacities of existing plants and establishment of new plants to take care of additional milk procurement and marketing.
- Establishment of a drying plant of 30 MTs per day capacity at Biharsharif with facilities for Tetra Packing for taking care of surplus milk.



**Thank You**

# Farmers at a DCS



# Potential of Milk Production and Demand

1.	Female Cattle Population:2003 census('000 Nos.)	- 164.72
2.	Cows ('000 Nos.)	- 100.27
	Annual Milk Production in 2006-07 ('000 MTs)	- 5060.0
	Per day production (lakh kgs.)	- 138.63
3.	Consumption in villages (lakh kgs./day) 45%	- 62.38
4.	Marketable Surplus (lakh kgs./day)	- 76.24
5.	Urban Population (nos. in lakhs)	- 103.38
6.	Per capita per day demand (gms.)	- 105
	Urban Demand Potential of Milk in Bihar (lakh lts)	- 10.85

# Thrust Areas

---

1. Milk Procurement- Clean Milk Production
  - Milk Production Enhancement
  - Strengthening of co-operatives and ensuring complete mopping up of surplus milk
2. Production
  - Creation of adequate plant capacities
  - Standardisation of Production processes and Improved/Attractive Packaging
  - Total Quality Management
  - Cost Control
3. Marketing
  - Capturing semi-urban, rural markets
  - Consumer Service
  - Market Penetration

# Strengths

---

- Flexibility in Operations
- Professional/ Commercial Approach
- Work Culture
- Dedication of Farmers/Staff
- Integrity of Employees
- No Political Interference

# Constraints / Weaknesses

---

- Small Capital Base
- Non-availability of Uninterrupted & Regular Power Supply
- Poor Road Communication
- Infra-structure for processing and conservation of surplus milk solids
- Marketing infra-structure - man & material both

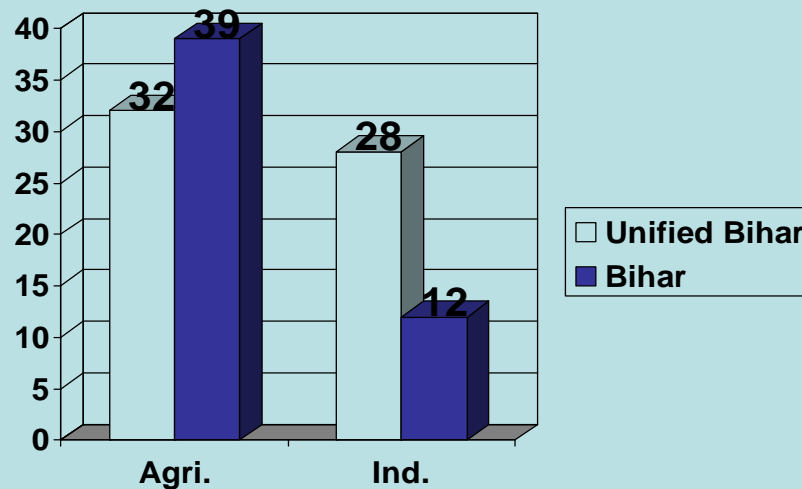
# Why Dairying Considered as Tool for Transforming Rural Economy in Bihar

---

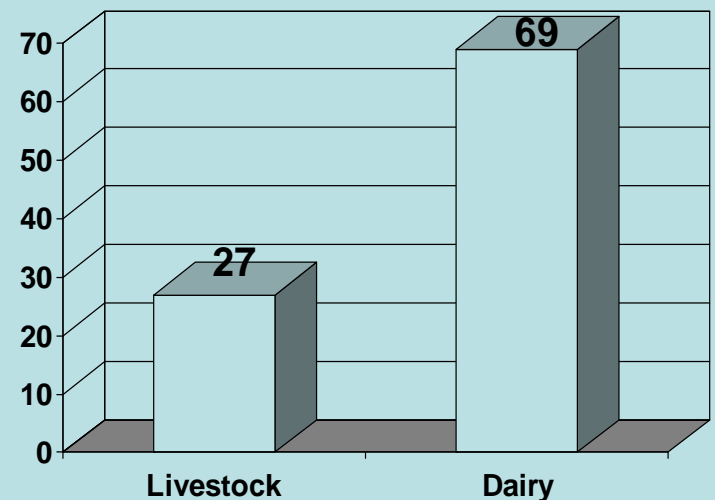
1. Bifurcation of state in November, 2000.
  - Mineral deposits and industries in Jharkhand's share
  - Bihar's economy dependant on Agriculture.

2.

% Contribution to State GDP



% Contribution in Agriculture



# Why Dairying Considered as Tool for Transforming Rural Economy in Bihar

---

3. Very few food processing units/agro-industries (60-70) despite Bihar being agricultural state.
4. Despite good fertile land and surplus water resources, the crop yields are low due to poor infra-structure, inefficient water management (crops largely being dependant on rains), small and fragmented land holdings, poor market connectivity and natural vagaries.

Farmers generally practice mixed farming. One/two cattle heads are maintained for draught power and milk.

## Why Dairying Considered as Tool for Transforming Rural Economy in Bihar

---

5. In absence of industrialisation, very limited employment opportunities. Dairying provides self employment to farmers right at village level.
6. It requires low level of investment – Rs. 25 to 30 thousand unlike industry requiring huge investment.
7. No gestation period unlike industrial units.
8. Limited skilled / specialised training required.
9. Rearing of cows / buffaloes generally accepted unlike poultry / piggery units.
10. Symbiosis between agriculture and dairying
11. Agro-climatic condition conducive to dairy farming
12. Improves nutritional level.