

## **To Cooperate or to Compete: Dairy Cooperatives at the Crossroads**

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At the outset of the Dairy Cooperative movement in India, all the principles of cooperation were adhered to with great zeal and sanctity. Most particularly, the principle of Cooperation among cooperatives was followed with great fervor. In order to do away with the conflict of interests of the cooperatives, the concept of milk shed was brought in, different brands for milk marketing were created and the responsibility of milk marketing was given to the Dairy federation at the state level.

As the time passed by, with the opening of the domestic market to the international competition and globalization of the Indian Economy, the competition for resources as well as markets intensified. The Indian Cooperative Dairies could not remain aloof of the development in other sectors. The competition among the private industries and PPP model which were encouraged even by the governments on the premise that it would remove inefficiencies in the system and make it more cost efficient and effective; engulfed the sacred value of cooperation among the cooperatives. Slowly and slowly, as the dairy cooperatives expanded their procurement network, they started for looking for greener pastures outside their operational areas for marketing their milk.

Some of them went to larger and metropolitan cities citing small and undeveloped markets in their operational areas. This created a rift between the cooperatives already marketing their milk in the big cities and the new entrants. In some cases, the dairies distributed the market among themselves, but in others they started viewing each other as competitors and with suspicion. It was a blow to the cooperative principle of cooperation among cooperatives.

But the cooperatives valued the interest of their members more than the philosophical principle of cooperation. And thus, the biggest brand Amul entered the Delhi, Mumbai and Kolkata markets. It entered the cities of Kanpur, Lucknow and Allahabad in Uttar Pradesh and Jaipur in Rajasthan in the next step. As of now, Amul has a presence in almost all major cities in Northern and Western India. Its example was followed by Sudha, the milk brand of Bihar which entered Varanasi, Kolkata and Delhi markets. Similarly, Saras, the cooperative milk brand of Rajasthan started selling its products in Ahmedabad market as a retaliatory move to Amul. Now, the other brands too are looking forward to market their milk and milk products in larger cities outside their operational area.

It is being propagated since the time of liberalization and globalization of Indian Economy that competition is good for the Economy since it would root out

inefficiencies and only the best enterprise would survive who will provide the best goods and services to the customers. But does the same theory apply to the Dairy Cooperatives in India? Does the cooperative which promotes cooperation among its members on the principles of equality, voluntary association and democratic control will forgo the principle of cooperation with other cooperatives in order to promote the interest of its members? Will it not lead to power hegemony and inequality among the cooperatives? Will it not give philip to the private and multinational dairies and serve their interests?

Then, what is the solution? Whether to cooperate or to compete in the larger interest of the society and the country? We are confused. If the big dairy cooperatives are allowed to poach upon the consumers of small cooperatives, where would the smaller cooperatives with fewer resources sell their milk and milk products? If the situation aggravates, the smaller cooperatives would soon face a shutdown. Then, who would be the savior of small milk producers in their region?

All policy makers, farmers groups and associations as well as the federal and state governments need to sit together and think. To think of the landless and marginal, small poor milk producers who do not own any land and have just one or two milch animals to rely upon for their livelihoods.

One of the feasible solutions could be to allocate the market share of each cooperative dairy in a city / town where they are operating. An alternative to this could be to make it mandatory for the new entrant to procure a minimum quantity of milk in an operational area in order to be eligible to sell milk in its cities / towns. A third alternative, although seems to be a Utopian idea, can be to create a multistate national cooperative brand of milk in India. This could be achieved by facilitating multipartite agreements among all the major cooperative dairy brands in the country. If this materializes, it will lead to a mega cooperative dairy in the country with vast resources at its disposal which can not only tap the unexplored potential areas within the country but also economize the operations of milk procurement, processing and marketing, thereby leading to the benefits of both the producers and the consumers.

Only then, the interest of all small milk producers of the country could be protected and maximized. This is very essential for the survival of the small milk producers against the vagaries of nature and the markets which many a time destroy / devalue their crops (output).

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