

‘Co-op’ d’état

By Brinda Khanna

In 1844, a group of 28 artisans, working in the cotton mills in the town of Rochdale, in England, established the first modern cooperative business called the Rochdale Equitable Pioneers Society. They worked in miserable conditions for very low wages, due to which they couldn't afford the high prices of food and household goods. These tradesmen decided to unite and open a store selling food items that they could not have afforded earlier. Within a few months, their business had significantly grown, enabling them to sell high quality, unadulterated goods. The Rochdale Equitable Pioneers Society became the first documented retail cooperative.



The Rochdale Equitable Pioneers Society

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Cooperatives emerge as a response to the needs of the disempowered communities to pool their resources to engage in collective economic activity. The Great Depression of the mid-20th century led to the formation of millions of credit unions. Banks typically avoided extending credit facilities to the people with limited resources, and the economic crisis and this exclusion from the banking system became an incentive for the people to form more unions. A crisis created a new opportunity for people to innovate. Cooperatives were soon making a significant contribution to people's lives. With their democratic organisation and economic orientation, they have been

significantly contributing to the sustainable economic growth through social integration and job creation which leads to a reduction in poverty. **According to the data shown in the [World Cooperative Monitor](#), cooperatives are two-trillion-dollar enterprises that generate work opportunities for over 280 million across the globe, making up about 20% of the world's total employment population.**



Cooperative movement

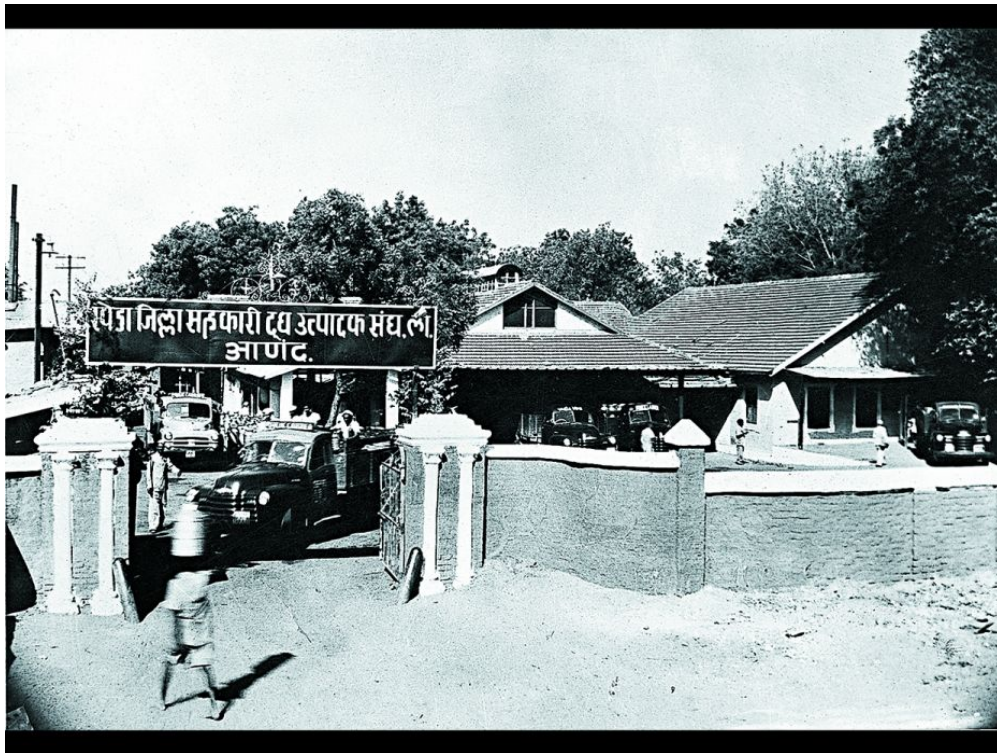
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Cooperatives form a major part of development strategies that aim to eradicate poverty. They are anchors that promote equitable

distribution of resources and capital among its members, especially in the rural areas. With their core principles that guide them to ensure growth and prosperity to everyone in their community, they offer basic infrastructure and mobility to the most deprived, which is often ignored by large businesses. **They are also instrumental in working towards a more peaceful society as they aim to bolster the living standards of every member of the community, which brings the nation a step closer to poverty alleviation.** The cooperatives sustain on the principle of collective resources and supplies and ownership. It enables them to operate at a lower cost, as compared to all members working individually. It also enables better market access and negotiation power to sell their products at higher prices.

Amul is a notable example of a successful cooperative, that not only fulfilled its goal as an enterprise but also managed to become India's largest milk processor with a turnover of 38,542 crores in the financial year 2019-20. Founded in 1946, it was formed as a movement against Polson dairy in Anand, Gujarat, that procured milk from the local farmers in the Kaira district and

sold it to the Bombay government at the time. Everyone except the farmers reaped the benefits of this trade, which led to the farmers taking their plea to Sardar Patel. This resulted in the formation of the Kaira District Co-operative Milk Producers' Union Limited in Anand.



Amul's first offices

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The cooperative started off with a few farmers pasteurising the milk produced and eventually grew to about 432 farmers by the end of

1948. The Bombay milk scheme couldn't accommodate the rapid growth, which led to problems like excess production. Verghese Kurien, who at the time arrived in Anand to manage a dairy as a government employee, played a major role in solving these problems. Under his management, a plant was set up to process all the extra milk into products such as milk powder and butter. In addition, the White revolution in the Dairy Industry of India finally helped in establishing the new milk processing plant in October 1955, which was also the same year that buffalo milk was being processed all around the world for the first time, thereby becoming a breakthrough in the dairy industry. The word 'Amul', which means 'precious' or 'priceless' in Sanskrit, was used to market the range of milk products developed by the Kaira District Union. It is also an acronym for Anand Milk Union Ltd. Kurien wanted small scale dairy farmers to have quality-control units and centralised marketing, which was absent from the dairy economy at the time. The Gujarat Cooperative Milk Marketing Federation (GCMMF) was formed in 1973 that aimed to market all milk products produced by six district cooperative unions in Gujarat. Today, Amul is an umbrella for all of GCMMF's products.



Amul's current offices

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Amul or any other cooperative needs to maintain its economic viability and improve its ability to serve its members, to survive against their competition. Through better management and use of existing facilities, people, finances, equipment and procedures, cooperatives can reduce their costs significantly and exercise efficient use of available resources. In addition, the purchase of new and advanced equipment may reduce the labour required per unit of output, which might be expensive for some, but the cooperatives that can afford it might pose as competition to the ones that can't. The

weaker cooperatives can merge with the bigger more efficient ones that may result in stronger competition in the marketplace and strengthen their bargaining ability in product, supply, or financial markets. This may also help to increase the growth prospects because of the stronger operating and financial base.

India has a large rural population with scant access to health and education. A vast majority of Indian farmers eke out a living from less than 2-acre size of agricultural land. The small farmers have limited resources and market access that keeps them from having a better life. **The cooperative form of organisation may be a game changer for the Indian rural economy.** The marginal farmers can form various cooperatives for a collective economic activity. **A cooperative of such farmers can potentially transform how the farmers produce and sell their products by reducing socioeconomic asymmetry between the farmer and the corporate entities.** Other than economic activities, such cooperatives can help them realise their aspirations for a better health and education infrastructure. The Government of India already has started collective group activities for

different social groupings. **Cooperatives can also address some of the governance failure issues. Well organised cooperatives will not only lead to higher economic growth, better profitability but most importantly equitable economic development of the members.**

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