CHAPTER - I

INTRODUCTION

In a world plagued by problems not only of poverty but also of alienation and exploitation (of castes and classes), cooperatives have been viewed as an ideal form of organization to remedy these ills of society. Although emphases do differ according to ideological preferences, the belief that cooperatives are ideal organizations cuts across ideological moorings. 'Amul', the brand name of the (products of) Kheda District Cooperative Milk Producers' Union Ltd. (KDCMPU, now onwards) of Gujarat State, India, is considered to be an outstanding example of cooperative success. Because of this, this pattern of organization is sought to be replicated in other districts in the country under the Operation Flood (OF, now onwards) programme. This pattern of organization is called 'Anand Pattern', Anand referring to the head quarters of KDCMPU. OF I came into existence in 1970 and had a budget of Rs.116 crores. OF II for 1978-85 had a budget of Rs.485 crores. The objective is to replicate the programme in 155 districts in 26 States and Union Territories.

Although the Anand Pattern of organization has been made the basis for this programme, surprisingly there is a gap in knowledge and a lack of information on how milk cooperatives under KDCMPU perform among laymen as well as scholars. Till recently, systematic studies by independent scholars were
woefully lacking. Studies that have been conducted have to do with milk marketing (SIET, 1971; Patel, Thakur and Pandey, 1977) and on economic aspects of KDCMPU (M.M.Shah, 1977; Dilip Shah, 1979).

Milk cooperatives do not exist in a vacuum. They are a part of the social structure of the village and the region. The relation between milk cooperatives and social structure is one that has been inadequately explored by scholars, especially in the context of milk cooperatives at village level (now onwards MCs) of KDCMPU.

Issues in the Study of Cooperatives

Sociological interest in cooperatives has been only of recent origin in India, just about two decades old. This lack of interest is indeed surprising for there has been a study by a non-sociologist made as early as 1932 (Hough, 1966; 5th ed.) on cooperatives. It is not that cooperatives were only recently introduced in India; the organization, in its modern form, came into existence in 1904, with the promulgation of the Cooperative Credit Societies Act. There have been numerous cases of traditional forms of cooperativism of which only some have been analyzed. To cite only a few: Lana in Punjab by Darling (1930: 116-141); Nidhis in Madras Presidency by Hough (1966:45) and Sinha (1970:45); Aya, Kankhe and Ulipi in Karnataka by Ishwaran (1966:36-49); Srivastava (1962:1) talks about Kula, Grama, Sreni and Jati whereas Oommen refers (1972:89-90) to Hodel, Shaja/ Sirkathin in Rajasthan. Even the Vedas and Laws of Manu have
referred to craft guilds, according to Mookherji (1919:35 and 131) and Basham (1954:217,218).

One possible explanation for this lack of interest is that cooperatives, which have been and continue to be dominated by credit societies, have few success stories. Amongst the few successes are the sugar cooperatives in Maharashtra and milk cooperatives in Gujarat. The growth of cooperatives between 1904, and till about the time of Independence, has been haphazard and uneven. Although the Act of 1904 was amended in 1912, permitting the emergence of other forms of cooperatives, it did not result in any phenomenal growth of non-credit societies. Banks and processing societies did emerge, and so did milk cooperatives in various places. But they were few and many of them were short-lived. It is only with Independence that the cooperative organizations found favour with leaders in India, and since then they have occupied a place in the various Five Year Plans. Nehru declared in the early Fifties, "cooperative commonwealth" to be the goal of India; and the Nagpur session of All India Congress Committee passed a resolution on cooperative farming as a goal to be attained.

This seems to have provided the spark for a spate of writings on cooperative farmings. Amongst the various writings, mention may be made here of the works of Ranga and Paruchuri (1964), Khusro and Aggarwal (1961), Charan Singh (1964), Goyal (1966), Laxminarayan and Kanungo (1967) and Choudhary, et al. (1972). Another study that can be mentioned is of Thorner's (1964) work, which was an
assessment of cooperatives in the country. Other studies that were made during this era range from Bedi (1958) on theory and practice of cooperation to Tyagi's (1968) study on trends in cooperative movement, to an assessment of forms of cooperatives by Mathur (1971), to Mehta's (1975) study on industrial cooperatives, to Raghunada Rao's (1975?) study on rural cooperatives in Andhra Pradesh.

Many of these works have addressed themselves to the issue of why cooperatives failed. In this regard one must mention also the various reports of the Government of India like "All India Rural Credit Survey" of 1954, "Report of the Committee on Cooperative Farming" in 1965, also known as Gadgil Committee Report, "Report of the Study Team on Overdues of Cooperative Credit Institutions" in 1974, Reports of the Public Accounts Committee of the Parliament. But all these lacked a sociological orientation.

I

Interest in cooperatives and cooperativism by professional sociologists began only in the Sixties. One set of works were on the Bhooman - Gramdan movement, which had cooperativism as its ethos, and addressed themselves to issues related to it. The works of Mukherji (1966:32-14; 1970:169-177; 1974:17-26) and Oommen (1972) belong to this category. The second would be those which started studying the cooperatives as an organization. In this
category would be Baviskar's (1968, 1970, 1980) works on a sugar cooperative in Ahmednagar district in Maharashtra, and Oommen's works (1974, 1975, 1976) on agrarian cooperatives as part of a study of voluntary associations in Allepey district of Kerala. Subsequently others have made studies on other cooperatives - the most recent instances of which are Batra (1983) on sugar cooperative in North India and Bhowmik (1983) on tea industry in North Bengal. We also have attempted on the basis of secondary sources, to build a sociological framework to study various forms of successful cooperatives (Rajaram, 1979).

II

Interest in milk cooperatives has been only of recent origin when compared to sugar cooperatives. Indeed much of the publications and interest on MC in social sciences (including sociology) has come about with the OF programme in the Seventies. The absence of studies on milk cooperatives prior to OF programme is indeed surprising.

The available writings on milk and milk cooperatives can be classified both - in terms of their methodological focus, and the issues to which they address themselves. First, methodologically, a distinction can be made between (i) those studies which have a macro perspective (ranging from international to studies which have district unions of cooperatives as their focus) which may be categorized as the perspective from above; and (ii) those studies which are micro and whose unit of analysis would be the village. They would be categorized as the perspective from below. Studies which are based on survey analysis usually
would be categorized in the former category. Usually studies made on the basis of both these perspectives relate their findings to social structure. Secondly, besides the above classification, the works may also be classified on the basis of the issues to which they address themselves.

If the primary discipline and the source on the basis of which the studies have been conducted are combined, then a picture like in Figures I.1 and I.2 emerge, wherein the works of social scientists - predominantly economists, political scientists and sociologists - have been classified.

It appears that many of the works have the perspective from above. A number of them have concerned themselves with the OF programme, policy and implications of the policy. Some of them like George (1983), Surendar Singh (1979: 1755-1774), Dogra (1980, 1984), Crotty (1980) have based their analyses on secondary sources. Nyholm, Schaumberg-Muller and Westergaard (1974:Al27-A136) have examined the OF programme and policy in the context of primary data collected in Bangalore milkshed area. All these studies have been critical of the OF programme at the replication level because the original Amul region has certain peculiarities. It has a long history of dairying especially buffalo-centred dairying, which cannot be easily replicated according to George (1983). Besides benefits to the landless are not likely to accrue according to Crotty (1980) and Nyholm, Schaumberg - Muller and Westergaard (1974). Crotty, Surendar Singh, Nyholm, Schaumberg - Muller and Westergaard, have one common theme underlying their
## Figure 1.1
**Classification of Works on Milk Cooperatives: A Perspective From Above**

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Area Studied</th>
<th>Principal Focus</th>
<th>Source</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surendar Singh</td>
<td>1979</td>
<td>OF</td>
<td>Neglected implication of OF: Food &amp; Fodder scarcity, prospect of landless benefiting bleak; benefit to well irrigated regions.</td>
<td>Secondary</td>
<td>Economics</td>
</tr>
<tr>
<td>Nyholm, Schaumberg-Muller and Westergaard</td>
<td>1974</td>
<td>OF policy (Bangalore Milkshed area)</td>
<td>Socio-economic aspects of dairy development in Bangalore Milkshed.</td>
<td>Primary</td>
<td>Economics/Sociology</td>
</tr>
<tr>
<td>Crotty</td>
<td>1980</td>
<td>OF</td>
<td>Subsidizes the milk for wealthy in urban areas; reduces the milk consumption of the poor.</td>
<td>Secondary</td>
<td>Economics/International perspective in which OF/India is one</td>
</tr>
<tr>
<td>Dogra</td>
<td>1980</td>
<td>OF</td>
<td>Benefits better off section in better off regions. Affects production of food. Country dependent on EEC.</td>
<td>Secondary</td>
<td>-</td>
</tr>
<tr>
<td>Apte</td>
<td>1983</td>
<td>OF policy</td>
<td>Technical, Financial and Administrative dimensions of nature of assistance of government and financial institutions to make cooperatives viable and contribute to rural development.</td>
<td>Secondary</td>
<td>Sociology</td>
</tr>
<tr>
<td>George</td>
<td>1983</td>
<td>OF policy</td>
<td>Validity of replication of Anand Pattern to other areas</td>
<td>Secondary</td>
<td>Sociology</td>
</tr>
</tbody>
</table>

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### II. Studies Other than OF:

<table>
<thead>
<tr>
<th></th>
<th>Author</th>
<th>Year</th>
<th>Location</th>
<th>Title</th>
<th>Level</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B.T. Patel</td>
<td>1980</td>
<td>Kheda District</td>
<td>Factors which make KDCMPU a success.</td>
<td>Primary</td>
<td>Agricultural Extension</td>
</tr>
<tr>
<td>2</td>
<td>Dilip Shah</td>
<td>1979</td>
<td>District Dairy Unions in Gujarat</td>
<td>Economic Analysis of District Dairy Unions.</td>
<td>Primary</td>
<td>Economics</td>
</tr>
<tr>
<td>4</td>
<td>SIET</td>
<td>1971</td>
<td>Kheda District</td>
<td>Spread Effects of Dairy Enterprise.</td>
<td>Primary</td>
<td>Economics</td>
</tr>
<tr>
<td>5</td>
<td>Ulrey</td>
<td>1966</td>
<td>Kheda District</td>
<td>Description and Analysis of KDCMPU.</td>
<td>Primary</td>
<td>Agricultural Economics</td>
</tr>
<tr>
<td>6</td>
<td>Singh &amp; Kelly</td>
<td>1981</td>
<td>Kheda District</td>
<td>Application of T.W. Schutz's model of development to Amul.</td>
<td>Primary</td>
<td>Economics</td>
</tr>
<tr>
<td>7</td>
<td>Patel, Thakur &amp; Pandey</td>
<td>1977</td>
<td>Kheda, Mehsana, Banas-\ Kantha Districts</td>
<td>Milk Marketing: How MCs have raised milk production and how MCs of Gujarat can be established in other areas.</td>
<td>Primary</td>
<td>Management</td>
</tr>
<tr>
<td>8</td>
<td>Franda</td>
<td>1983</td>
<td>Patna</td>
<td>Problems of replicating Anand Pattern at Patna.</td>
<td>Primary</td>
<td>Social Science</td>
</tr>
</tbody>
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</thead>
<tbody>
<tr>
<td>9) Vimal Shah</td>
<td>1981</td>
<td>Kheda District</td>
<td>Rural-urban tension expressed through milk cooperatives.</td>
<td>Primary</td>
<td>Sociology</td>
</tr>
<tr>
<td>10) A.S. Patel</td>
<td>1983</td>
<td>Kheda District</td>
<td>Overview of Amul, i.e., KDCMPU,</td>
<td>Primary/Secondary</td>
<td>Sociology</td>
</tr>
<tr>
<td>11) Baviskar</td>
<td>1984</td>
<td>Cooperative politics in Milk and Sugar cooperatives,</td>
<td>Nature of Cooperative politics in milk and sugar cooperatives in Gujarat and Maharashtra.</td>
<td>Primary/Secondary</td>
<td>Sociology</td>
</tr>
<tr>
<td>12) Baviskar &amp; Attwood</td>
<td>1984</td>
<td>Cooperatives in general</td>
<td>A comparative analysis of rural cooperatives (including MCs of KDCMPU),</td>
<td>Secondary</td>
<td>Sociology</td>
</tr>
</tbody>
</table>
### Figure 1.2

Classification of Works on Milk Cooperatives: A Perspective from Below

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Area studied</th>
<th>Principal Focus</th>
<th>Source</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Babubhai Desai</td>
<td>1979</td>
<td>Surat District</td>
<td>Socio-economic Aspects of 3 villages in Surat District Cooperative Milk Producers Union.</td>
<td>Primary</td>
<td>Sociological</td>
</tr>
<tr>
<td>Baviskar</td>
<td>1983</td>
<td>Kheda District</td>
<td>Study of Sanjaya village, Patidar dominated in Charotar - irrigated area.</td>
<td>Primary</td>
<td>Sociological</td>
</tr>
<tr>
<td>A.S. Patel</td>
<td>n.d.</td>
<td>Kheda District</td>
<td>Study of village Narsanda, Patidar dominated and in Charotar - irrigated area.</td>
<td>Primary</td>
<td>Sociological</td>
</tr>
<tr>
<td>Somjee &amp; Somjee</td>
<td>1978</td>
<td>Kheda District</td>
<td>Profiles of social change; a 3 village study of Ode, Asodar and Khadgodhra.</td>
<td>Primary</td>
<td>Sociological</td>
</tr>
</tbody>
</table>
arguments, viz., the landless or poor will not benefit from the OF policy. According to Crotty, OF programme is subsidising the urban rich, and that the programme would reduce the area under foodgrains. Surendar Singh points out that benefits from the OF programmes are likely to go to irrigated areas. Apte (1983), on the basis of secondary sources, focuses attention on the technical, administrative and financial aspects on which the government and financial institutions need to extend assistance to make cooperatives viable thus enabling them to earn enough to contribute to rural development.

Of the studies not directly concerned with OF programme, many are on district dairy unions in Gujarat, and most of them on Kheda. Such a preference for Kheda union is not surprising as the structure of KDCMPU is being replicated in other parts of the country.

B.T. Patel's (1980) study is from an agricultural extension perspective while Dilip Shah (1979) has included KDCMPU as part of 7 district dairy unions for his economic study of milk cooperatives. M.M. Shah (1977) has also made an economic study of how district dairy unions are integrated. SIET (1971) study on Amul is also an economic analysis of spread effects of dairy enterprise. Pranda's study (1983) is of Patna district dairy union and that has also to do with problems of replicating Amul.

Ulrey's (1966) and Singh and Kelly's (1981) studies, though from an economic perspective, adequately cover the development of KDCMPU. The breadth and scope of Singh and Kelly's work gives interesting insight into the development of KDCMPU at various stages.
Of the sociological works which have a perspective from above is Vimal Shah's (1981) study. In this study the main interest is on the expression of rural-urban tension by MCs. One recent work is that of Baviskar and Attwood (1984:85-107), published during the course of this study. They offer an explanation why certain cooperatives do well financially. Their explanation for milk cooperatives in Kheda district is that class interests bind up the MCs together. According to them large farmers are the prime movers and beneficiaries of milk cooperatives, and it benefits them to have the participation of small farmers because "milk transport and processing is expensive and requires 'lumpy' capital investments. In order to make these investments pay, then, it is necessary to use them as close to full capacity as possible" (Baviskar and Attwood, 1984:94). The selling of milk by small farmers increases capacity utilisation and enhances profits. The small farmers benefit as it enables them to attain economic viability, while the large farmers, who can actually survive without milk cooperatives, enlarge their profits.

This interesting explanation is incomplete. It can be questioned on the issue that the crux of the bond between large and small farmers lies in need for capacity utilisation of transportation. Actually the transportation of milk (in cans) is done by contractors who enter into a contract with KDCMPU to transport the milk cans in their own trucks. The individual MC does not enter into a contract with the truck owner. The route, known as milk route, is chosen in such a way that the trucks do not go underutilised in terms of carrying cans. Being run on contracts,
the Union is saved from making 'lumpy' investment on trucks from its own funds, not forgetting the savings on maintenance and salaries. As for 'capacity utilisation', this may be the concern of the officials of KDCMPPU, but it is a matter of doubt whether this operates at village level in the minds of large farmers with regard to MC. Thus the explanation is incomplete. The reasons for the large farmers collaborating with small farmers and others, are more tied up with the role MC plays in the village social structure. This aspect is only being touched here as it will be discussed in greater detail later on. The MC does benefit the rich (large farmers) primarily in monetary terms; the MC has monetized the economy owing to which the traders are very happy; and the welfare activities of the MC are an excellent cover for the maintenance of the social structure which benefits the rich. The nature of welfare activities are such that it stifles the poor questioning the MC and its activities.

Baviskar (1984) also has made a comparative analysis of cooperative politics in milk and sugar cooperatives. This work also appeared during the course of this study.

A.S. Patel (1983) has also written an article with a perspective from above, on Amul, based on records of Amul. This paper has a section which draws on an earlier paper (A.S. Patel, n.d.) in which he makes an analysis of MC in Narsanda village. This paper is still classified to be a paper written with a perspective from above, as the primary focus is on Amul and its achievements.
The study of Patel, Thakur and Pandey (1977), which has a macro perspective, suffers from inconsistencies regarding the data presented and the conclusion drawn by the authors. Being primarily a study in economics, only the inconsistency shall be pointed out. The authors state that "the belief that the creation of marketing facilities for fluid milk deprive the milk producers, especially the weaker sections, from normal consumption is defied" (1977:154). But the data they present (1977:71, 72; Table 4.10) only shows the inconsistency in their interpretation. The per capita consumption for landless in dairy villages is 215 ml/day, while in control villages it is 225 ml/day. The per capita consumption of milk goes up for the small (0.1 to 5.0 acres) and medium (5.1 to 10.0 acres) farmers between the control and dairy villages. In contrast are the category of landless and big farmers (10 + acres) for whom the per capita consumption figures decline. So to draw on this work would be spurious.

III

Turning our attention to those studies on MC which have a perspective from below, it is noticed that all these writings primarily have a sociological focus, and are of recent origin. Most of them have Kheda district as their focus of interest. A.S. Patel's (n.d.) study is of his own village, Narsanda. He gives a graphic account of MC functioning in a large Patidar dominated village located in irrigated Charotar area of Kheda district. Although Patidars constitute 29.2% of total households in the village, they have a disproportionately high share of membership in the MC. Baviskar's (1983) study is an analysis of
Sanjaya village and forms part of a 3 village study on cooperatives and rural development. Baviskar observes that MC offers a guaranteed milk outlet at a fixed price, supplies cattle feed and provides efficient veterinary and extension services. He also observes that 88% of "big" landholders, 84% of "medium" landholders and 69% of "small" landholders are milk producers, and only 30% among landless are in this category.

Both these studies are of MCs located in irrigated Charotar villages; and it is a matter to be enquired as to whether these findings are valid for all agro-irrigation regions. Further, both these villages are Patidar dominated and one is not sure whether these would be valid for villages with different caste domination. Both of them have not pointed out to the role of caste and MC, although Baviskar does state that caste is no barrier to be a milk producer.

The third study which has a perspective from below is that of Babubhai Desai (1979). This study of socio-economic background of milk producers in 3 villages of Surat district brings out that landholders predominate as milk producers. Another interesting aspect explored by Babubhai Desai is the cost benefit ratio for a milk producer. He finds that of 113 milk producers, only 39 find it profitable to be milk producers; but when expense on grass is excluded, the number increases to 93 persons. Babubhai Desai's findings for Surat district have found support in the studies on Sanjaya and Narsanda villages in Kheda district by Baviskar (1983) and A.S. Patel (n.d.), respectively.
The study of Somjee and Somjee (1978:577-90) is a case apart from the above three. They have studied three villages located in Charotar tract of Kheda district (Ode, Asodar and Khadgodhra). In this study, statements and interpretations are made which are questionable; and the overall impression one gets is of unabashed praise rather than of an objective study. Nor are we made aware of the procedures employed by them in choosing the three villages.

Let us point out some of the problems in their study. Somjee and Somjee (1978:578) state that "the two major milk producing castes in the district are Kshatriyas and Venkars (ex-untouchables)". One is not made aware of the basis for this statement. We have not come across any published evidence to show that Venkars are significant milk producers and the present study shows that Venkars are not major milk producing castes in any of the 4 villages. In the two irrigated villages they have a proportion much lower than village average. Next, two more instances will be cited which show the weaknesses of their study. One is the conclusion they draw that 'consciousness of hourly time is increasing'. In actuality there is no evidence to show that it did not exist before the MC came into existence. The second instance is the conclusion reached by them on the basis of study of Asodar village, whereby, they state that farmers included by milk cooperatives, have been making 'rational perception' of institutions. One can also logically argue, that the prior existence of such a rational approach to problems and issues before the coming of MC, has resulted in the MC becoming a "success". This assertion of Somjee and Somjee implies that people were irrational before the MC came
into being; and if one accepts their contention, then one finds oneself in all sorts of problems in trying to seek a rational explanation for the success of the MCs. It may also be pointed out here that the three villages are not representative villages of Kheda district, because Ode and Asodar are large villages. Khadgodhra, the third village, has a MC which is an exception: it is the only MC in Kheda district run by women.

Thus, it is noticed that though the writings have been of recent origin, the OF programme and KDCMPU have evoked the interest of scholars. Much of the writings have a perspective from above. Such a perspective is not able to give the human dimension of what is happening at village level. Nor is one made aware of how MC operates at village level vis-a-vis village social structure. A.S. Patel (n.d.) and Baviskar (1983) have attempted to fill in the yawning gap but still a large number of important issues remain to be examined and analysed. Therefore, this study attempts to answer the following questions:

1) What is the position of the MC in the social structure? In this the interest is specially to examine the MC vis-a-vis women and Scheduled Castes.

2) What is the socio-economic background of those who are milk producers and those who sell milk to MC?

3) Which section of the village society benefits from the MC?

4) Who are the leaders of the MC? What is the position and role of secretary in comparison to the elected leaders?
5) Why do the rich and the poor cooperate to run the MC successfully?

6) How do MCs perform in villages having differential agro-irrigation facilities?

7) How do MCs perform in villages having differential caste domination?

What is a Cooperative

Before proceeding further, it is necessary to clarify what is meant by a cooperative and thus make clear the sense in which it is used by social scientists and students of cooperatives.

A distinction can be made between 'cooperation' and 'cooperative'. Worsley (1971: 1-2) brings out this distinction best. He distinguishes 'cooperation' as a division of labour in the sense of specialization of functions, while 'cooperative' has the features of organization and association, the emphasis on either depending upon concrete cases. For Worsley, the ethos of a cooperative is 'cooperativism'. For him cooperativism is not just technical division of labour; it is mutual aid... a positive orientation towards others in society, and a particular identification with the ordinary, the humble and the least privileged, together with collectivist orientation which implies the limitation of self interest and the institutionalization of altruism.

(Worsley 1971:2)

Actually, a distinction can be made between a cooperative way of life and a cooperative as an economic organization. The
former, i.e., cooperative way of life, shall be referred to as cooperativism. It may or may not have the characteristic of association. The latter, i.e., the cooperative as an economic organization, is an enterprise which has a certain structure, thus permitting one to distinguish the extent to which it is democratic, voluntary or cooperative.

Instances of cooperativism would be the Kibbutz, the Gramdan and the Chinese commune (especially in its early years). All these three went beyond an economic association of persons, and attempted to transform the entire way of life of people, including family, education and stratification. A cooperative organization does not attempt at such a transformation; but if the logic of the assumptions and the ideas behind a cooperative are carried out to their logical extremity, they would lead to a cooperative way of life (for a detailed comparative discussion of Kibbutz, Gramdan and Chinese communes see Rajaram, 1979).

One more issue that needs clarification is the usage of the term 'movement' in the context of cooperatives in India. The usage of the term movement, strictly speaking, is not in the sociological sense, but loosely used to refer to an ongoing programme in which the attempt has been to increase the spread of the organizations and involve larger number of people in its fold. The more widely accepted and less controversial sociological term of association/organization shall be used in this study.

Let us now turn our attention to the principles that govern cooperatives.
ILO (1957:3) has mentioned four principles which govern cooperatives. They are:

i) The primacy of association is of human beings and not of capital.

ii) The members of the association are equal, the accepted rule being one member one vote.

iii) The act of association is voluntary.

iv) The association has an objective in which the members have a common interest and the attainment of the interest requires the contribution of each.

Another ILO (1971:27) publication restates the above four principles in different words. It adds two more to the four mentioned above, and they are:

a) Interest on shares is restricted and relatively low.

b) Surplus may be distributed to members in proportion to the business which they have done with the society during the year.

The International Cooperative Alliance had set up a separate Commission on Cooperative Principles (1963-66), which formulated six principles. These principles, briefly stated, are as follows:

1) Voluntary and open membership

2) Democratic control

3) Limited interest on capital

4) Equitable division of surplus

5) Cooperative education

6) Cooperation among cooperatives.
All these six principles are held to be equally important. The first four set out the working methods and the other two state what is essential for the continued progress of the movement. "They form a system and are inseparable... They can and should be observed in their entirety by all cooperatives if they claim to belong to the Cooperative Movement" (Weeraman, 1975:6).

It is noticed that the principles set out by the ICA have incorporated the points made by the ILO publications (1957, 1971) and in fact there is no contradiction between the two.

Having made clear the principles which govern cooperatives throughout the world, let us now examine the differences in terminological emphasis between countries of the First, Second and Third World. India being a part of the Third World, this distinction will enable us to understand the entire discussion on cooperatives in proper perspective.

Fay (1952) says a cooperative originates among the weak for joint trading. For him, cooperatives describe producers and consumers not as possessors, nor as role occupants, but as social beings. Consciously pooling their resources in mutually beneficial ways in the name of a common ideal and in common opposition, to those people and institutions seeking to exploit them. Sargent Florence (1968: 390-391) emphasizes the absence of a capital providing class. Digby (n.d.) considers cooperation as an economic enterprise "the structure and objective of which are between those of private enterprise and public undertaking". The
above presentations clearly bring out the emphasis given by writers from the First World.

From the socialist bloc, the Second World, we have the views of Lange (1970:11) who says that "cooperatives of non-capitalists, emerge and develop in capitalism as a protection of these classes against capitalist exploitation". The Hungarian Cooperative Act, for instance, views that:

a cooperative society is a society of a small economic unit the members of which is not previously settled. It is meant to promote its members individual and common interest and the social rise as well. Its members take part in activities of the society by personal contribution or by enlisting the services of cooperatives and by rendering financial contribution.

(Quoted in Erdei, 1963:1)

Lenin, who has been the source of inspiration to many, if not most, of socialist thinkers on cooperatives, writes that cooperatives are of exceptional importance "from the standpoint of transition to the new system by means that are simplest, easiest and most acceptable to the peasant" (Lenin, 1923: 468).

It becomes clear from the above that sponsorship in capitalist and socialist countries tend to differ; the framework in which they operate also differ - in the capitalist world it operates within the overall goal of profit for individuals, while in the socialist bloc (the Second World) the emphasis is on 'social good'. As for the countries of the Third World, the emphasis tends to be different. India is a classic case in this regard, though not a representative case for all the countries of the Third World.
The cooperatives here are expected not only to mitigate the sufferings, but also play a positive role in the development of the economy. The Sixth Plan (1980-85) of the Planning Commission of the Government of India, argues:

The non-exploitative character of cooperatives, voluntary nature of their membership, the principle of one man one vote, decentralised decision making and self-imposed curbs on profit, eminently qualify them as an instrument of development combining the advantage of private ownership with public good.

(Sixth Plan, Point 11.46)

Such emphasis is seen in all the Plan documents. For instance, the Third Five Year Plan (p.200) states,

the socialist pattern of society implies the creation of a large number of decentralised units in agriculture, industry and the services. Cooperation has the merit of combining freedom and opportunity for the small man with benefits of large scale management and organization as well as goodwill and support from the community.

Thus, it can be stated that cooperatives are expected to play a positive role in the development of the country.

The Plan of the Study

In the chapters to follow, in chapter 2, the salient features of cooperatives in India shall be discussed. In chapter 3 the universe, procedures and techniques employed in this study shall be examined. Chapter 4 will give us an idea of the social context of milk cooperatives and enable us to understand them better by discussing the salient aspects of the socio-cultural features of
Kheda district. Chapter 5 will view the Amul story from above. Chapters 6 and 7 shall discuss the Amul experiment from below, first of irrigated area in chapter 6 and of dry area in chapter 7. Chapter 8 will state the concluding remarks.
1. The brand name Amul comes from the first four letters of four words Anand Milk Union Ltd. In Sanskrit, it means priceless (Ulrey, 1966:9; KDCMPU: n.d.:iii:4). Nowadays, the brand name is used for products marketed by the Gujarat Cooperative Milk Marketing Federation Ltd., Anand, which is an apex body of several district cooperative milk unions of Gujarat.

2. There is a proposal to extend the Operation Flood project up to the year 1989-90, the terminal year of Seventh Five Year Plan. The details have not been finalized, Mr. Chandulal Chandrakar, Minister of State for Agriculture, told Mr. V. Gopalaswamy and Dr. S.S. Mohapatra in a written reply in the Rajya Sabha on August 16, 1985 (cf, The Times of India, Ahmedabad, August 17, 1985, p.7).

3. It was called Cooperative Societies Act of 1912.


5. The truck drivers benefit as they usually carry people for a payment in the truck, in addition to cans.

6. See Patel, Thakur and Pandey (1977:46) for the categorization of various strata.