



Research Article

Volume-06|Issue-09|2025

Dual Purpose Organizations of The Rural Economy. (A Case of Dairy Cooperatives with People Centrism and Resilience)

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Article History

Received: 15.09.2025

Accepted: 24.09.2025

Published: 28.09.2025

Citation

Joshi, P. I., Nambiyar, S. (2025). Dual Purpose Organizations of The Rural Economy. (A Case of Dairy Cooperatives with People Centrism and Resilience). *Indiana Journal of Humanities and Social Sciences*, 6(9), 28-32

Abstract: By the close of 2019 and early 2020, the COVID-19 pandemic had rapidly expanded to over 216 countries, severely disrupting lives and economies. India recorded its first case at the start of 2020, soon followed by nationwide measures including the Janata curfew and successive lockdowns. While numerous enterprises collapsed under these restrictions, essential services such as dairy cooperatives continued to function, ensuring a stable supply of milk. From village-level procurement through transportation, processing, packaging, and distribution, the uninterrupted chain of operations highlighted the strength and adaptability of the cooperative system.

This study explores the experience of rural communities in Panchmahal district during the pandemic, with specific focus on the functioning of dairy cooperatives. Field visits and semi-structured interviews with cooperative members and stakeholders—including sarpanch, school heads, and cooperative leaders and secretaries—were used to capture operational challenges, precautionary strategies, and perceptions of service delivery. Additional aspects such as the role of panchayats, dissemination of Information, Education and Communication (IEC) material, access to healthcare, public distribution systems, and agricultural impacts were also assessed.

The findings emphasize that dairy cooperatives, as people-centric and dual-purpose organizations, protected both economic and social well-being in rural areas. They maintained vital services such as veterinary care and artificial insemination, generated sustainable livelihoods, and preserved daily normalcy by guaranteeing morning milk supplies. The cooperative framework thus proved to be crisis-resilient, reinforcing its relevance as a sustainable rural development model.

Keywords: Dairy Cooperatives, COVID-19, Rural Livelihoods, Cooperative Resilience, Panchmahal, Sustainable Development

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INTRODUCTION

The challenge for the 21st century is how to mobilize and manage its natural, financial, human, infrastructure and cultural resources effectively. Economic Growth Development results in the imbalance in many aspects including environmental and social pillars. This imbalance often leads to a crisis and when crisis occurs, a community has to make a decision to solve the crisis together and to find the most valuable outcome. At the same time, the decision requires a community capability to satisfy the wellbeing of the community and to create the opportunity from the crisis.

At the end of 2019 and start of 2020, the global pandemic had hit almost 216 countries and territories, affecting millions of people. At the year start of 2020, India encountered the first case of COVID-19.

The cases were increasing with every passing month. The Indian government was quick enough to realise the need of lockdown. The prime minister of India addressed the nation on 19th March, asking people to observe “Janata Curfew” on 22nd March. Addressing the nation again, on 24th March, a nationwide lockdown was

announced from mid night of that day, for a period of 21 days. This was seen as the only possible solution available to stop the spread of transmission at local level through social distancing.

The entire lockdown was introduced with increasing amount of flexibility by the government, starting from Phase 1 on 24th March to Phase 5 on 30th June. While many of the businesses could not sustain businesses during the lockdown, utility services enterprises were continued its operations in the lockdown economy. One such essential service was the Milk Cooperatives. Timely fresh arrival of milk on a daily basis was a consolation in the environment of the ‘new normal’. Starting from procurement of milk from the village communities to transportation of the same to the processing unit, packing and distribution, the entire supply chain provided excellent example, showcasing the positives attached to the cooperative model.

This situation analysis paper covers the close look on how rural communities have dealt with the COVID-19 pandemic, with focus on how the cooperative model has proven to be a successful model,

even during this crisis, making it a sustainable business model.

Dual purpose organizations and Co-operatives

Dual purpose organizations are entities which are established and run with a vision to maximize profit as financial goal along with societal and community development as a social goal. These organizations are designed in such a way that communities at large are benefited with their development. With the recent realization at global level, such firms that follow “beyond profit” agenda are increasingly becoming common. Dairy cooperatives are one such organization. It is well aligned with the idea of developing sustainable communities, respecting the relationship between the three “E’s”-Economy, Ecology, and Equity:

- Economy - Economic activity should serve the common good, be self-renewing, and build local assets and self-reliance.
- Ecology - Humans are part of nature, nature has limits, and communities are responsible for protecting and building natural assets.
- Equity - The opportunity for full participation in all activities, benefits, and decision- making of a society.

Dairy farming is a supplementary activity in addition to agriculture. The contribution of dairy sector to the total agricultural GDP is around 26% (2018). The dairy sector has evolved in the country in such a way that today, there are about 1,85,903 dairy cooperative societies across the nation, covering a large spectrum of people for rural India, also provides employment to around 16.6 million people, out of which 29.5 % are women (as on 31.03.2018).

Dairy cooperatives following the famous Amul model have been one of the most successful examples of cooperatives in India and the world. Cooperatives serve as vital organizational structures that support millions of individuals, especially in rural regions, in enhancing their socio-economic well-being. What sets them apart is their member-oriented nature, operating as businesses governed democratically, where the owners are simultaneously the beneficiaries of their services.

Process in cooperatives

India functions as a political democracy, yet the principle of absolute equality is rarely reflected in everyday social practices. Most of the Indian population reside in villages. About three-fourths of India’s people live in some 500,000 villages, where India’s basic businesses like agriculture, dairy farming and poultry farming are primarily prevalent. Traditional agriculture business is dependent and often results in cyclical unemployment for many people living in rural areas.

Out of all, Dairy farming has played a major role post-independence, as a potential to address different dimensions of reducing poverty, exclusion by

identifying more economic opportunities for the villagers, empowering the disadvantaged people, providing social and economic security and also, in breaking the barriers of long prevalent caste and gender discrimination. Cooperative model creates greater chances for their members to save themselves from financial crisis which is likely to be negatively affected by cyclical downturns, thereby most likely to enhance long term financial stability.

Along with these factors, dairy cooperatives have a potential to engage the rural community to contribute towards nation building. As Indian dairying is quite labour intensive, use of family labour in animal care, milking animals, and other factors are important process of milk production.

India has witnessed a great support from government policies in utilizing the potential of dairy cooperatives. The third five-year plan (1961-88) had a major objective to develop dairy projects emphasizing milk production in rural areas linked with plants for marketing surplus milk to urban centres. Along with the able leadership of the architect of milk revolution in India, Dr. Varghese Kurian, and Government of India commissioned the five-year Operation Flood Project Phase-1. Today, India is world’s largest producer of milk, with 22 percent of global production. This is the result of ownership and engagement of farmers of India, along with the use of managerial excellence.

Along with giving stable income to the people living in rural India, the cooperative model has been instrumental in bringing some bigger social changes.

Economic empowerment due to Cooperatives

1. The model gave a platform where the middleman can be avoided, bringing producers and consumers in direct link.
2. It gave economic growth to producers by giving assured market, remunerative price, regular payment, and yearly bonus out of profit.
3. Producers are educated about the latest technology on dairy farming.
4. All the needs of producers like fodder, cattle feed, veterinary service are provided by the co-operatives at the door of the producers.
5. Co-operatives have become a link between government and rural people, making it a viable model to get the aid from the government under various schemes.
6. It becomes easy for producers to get a loan to purchase milch animals, as member of co-operatives.

Social Changes due to Cooperatives

1. It has been instrumental in cutting the age-old caste system, promoting upward mobility of ex-untouchables and lower caste milk producers. The model acted as a social equalizer.

2. It boosted social participation of people from different groups, breaking the traditional power politics. It imbibed an understanding among people of rational thinking and judging people by their ability to run the co-operative well rather than the traditional power structure.
3. It gave a platform to showcase their leadership ability.
4. Women are crucial in the process of dairy activities such as feeding the cattle, milching animals, cleaning of animals, pouring the milk at the co-operative. Women got a respectful stage through this platform.
5. Awareness on health, nutrition, education, financial planning and family planning helped in poverty alleviation.

It played a role of a catalyst by bringing number of economic and social changes in direct and indirect ways.

Purpose of the study

The consistent and continuous supply of milk supply to the distribution centres kindled the spirit of enquiry to study the functioning of dairy cooperatives during the lockdown.

Objective

1. To understand the level of awareness among rural communities about COVID-19 pandemic.
2. To know various challenges faced by rural communities during COVID-19.
3. To learn the ways how rural communities withstand various challenges faced by COVID-19.
4. To understand unique strategies and measures adopted by rural communities to combat the challenges posed by COVID-19.
5. To understand the cooperative model functioning during COVID-19.

MATERIALS AND METHODOLOGY

Dairy cooperatives of villages of Panchmahal district were visited to understand the functioning post national wide lockdown. A semi-structured interview schedule was used to understand the specific questions to the dairy cooperative members with a focus on operations of DCS during COVID-19 situation, precautions taken by them and how they perceived the DCS operation during Lockdown, facilities of AI, veterinary services, etc. Key stakeholders like Sarpanch, School Principal, DCS Leaders and Secretaries were also met, during the visit to these villages.

Apart from this, the survey also covered the effectiveness of prominent structures like the role played by panchayat during the lockdown, use of Information Education Communication (IEC) material, the availability of primary health care facility, Food Rations

under Public Distribution System and how the COVID-19 pandemic affected agriculture.

The drive was to cover the social, economic and psychological impact created during the COVID-19 Pandemic, in rural areas.

Dairy business during lockdown

It was evident that India has ensured uninterrupted milk supply to all the people of India, even during lockdown. Milk co-operatives like Amul, Mother dairy, Nandhini, Parag and several others walked an extra mile to procure surplus milk from farmers because it being a perishable commodity.

On the other hand, the lockdown impacted the purchasing power of people as much as the commercial offices, which resulted in the downward trend of sale of dairy products. While some of the value-added products like ice cream, lassi observed a nose dive, demand of some of the products like butter and cheese rose extremely.

RESULTS

The Opportunity tapped

The co-operative model has gone out of the way to protect the interest of rural people. The dairy supply chain was quick to restore their system in place after initial interruptions. From 15th March to 30th April, there was only a slight decline of 3.50 % of the procurement of milk from producers. While the sale of the milk observed a relatively higher decline of 13.70 %.

The surplus milk from farmers was collected and used in the production of skimmed milk. Skim milk is made by separating the fat from the whole milk. India doubled its production of skimmed milk in just one and a half month during the lockdown. As per the figure revealed by NDDB on 15th March, they had a stock of milk powder of 70,000 metric tonne. By 30th April, the production of milk powder rose to 1.34 lakh metric tonnes, which is almost double of the stock in March. Milk powder's daily production is 2500 metric tonnes during lockdown. This also means all milk powder plants across the country were functioning at 92 to 100 % capacity during this period. The massive storage of milk powder is later going to be used for exports as well as domestic consumption.

Amul took a very innovative approach towards the product development as well as marketing. Amid Pandemic, where other companies went dark and stopped advertising, Amul continued and even doubled their adspend. It came out as a cheaper deal and the reach of Amul increased like never before. Along with the marketing hit, Amul launched 11 new innovative products, with the immunity booster element, that was the need of the time.

Co-operative model again appeared as a powerful model which could sustain the livelihood activity, provide economic stability to rural producers and also maintained a continuous flow of products for the urban consumers.

Rural Community response during COVID-19

Lockdown was observed in a disciplined way in the villages. The Panchayat (institutions of local governance) had taken steps pertaining to sanitization of the village, restricting guests from out of the village and spreading awareness via collective involvement.

While most of the villages visited for the study, did not have PHC/CHC, they mainly relied upon the regular mobile dispensaries that come to their village with a team of doctors, as a part of Corporate Social Responsibility (CSR) from nearby industries. These services were continued during the lockdown situation as well, which kept up the goodwill generated by the industries in village community. In emergencies, village communities also had access to the “108” ambulance service.

The villagers were quite aware about the Corona virus and the precautions need to be taken. Television and Radio were major source of information and awareness for most of the villagers. Some of the industries and National Service Scheme (N.S.S) Volunteers used IEC (Information, Education and Communication) material to spread awareness among their CSR villagers. Some posters pertaining to prevention of COVID-19, were also seen displayed in the Panchayat House, Anganwadi and Milk Cooperatives Centres.

The participants said that food rations were provided under PDS (Public Distribution System) which was made available to them under the National Food Security Act. This was available to APL and BPL card holders. The village community members who availed the rations were satisfied on the quantity and quality of food grains.

Villagers were involved in agricultural activities during lockdown. Some were working in their own fields and some were engaged in the work at other's farm for daily wages. However, they faced difficulty in getting the seeds, availability of fertilizer, pesticides, etc. Due to which, they switched to the grains which were available to them. Even due to the summer season also, few farmers preferred to leave the land bare, without farming.

While the use of sanitizer was not prominently observed, the villagers said that they did not go out until and unless there was an emergency.

Families were happy that most of the nearby industries had provided one-month salary to the

employees, even though they did not go to work. The industrial workforce followed the preventive actions taken at their work place. Family members were informed about the health and hygiene standards that the family members are following at their work station, as most of the companies reopened during the 3rd phase of lockdown. This informal information and education, restored their trust and confidence, to send their family members back to work, without the fear of COVID-19.

DISCUSSION

Dairy cooperatives have played a major role in their primary job of procurement of milk, as well as they have been successful in spreading awareness about COVID-19 among villagers. DCS (Dairy Cooperative Society) were fully functional during the lockdown as well. No members were denied to come to the centre. The members of the dairy cooperative were given masks and it was made compulsory for them to wear it, along with ensuring social distancing during the visit to the cooperative for delivering milk to the cooperative.

Members of dairy reciprocated the norms very well and smooth DCS operation was observed during the lockdown. There was no fluctuation of milk prices, because of COVID-19.

Apart from this, services being provided by the cooperative, were being available as usual i.e. Artificial Insemination, Veterinary first aid, cattle feed, fodder seeds, etc.

CONCLUSION

The global pandemic of COVID 19 has shaken the world economy affecting economic activity and social interactions. It gradually limped back to normalcy and took time for institutions to grapple back to the new normal. However, what is noteworthy is that Dual purpose organizations such as the dairy cooperatives which is mainly driven by people, functioned well and were able to achieve the objectives for which it was established. Needless to mention that the regular activities of the dairy cooperatives are pivotal in ensuring economic viability of the members of the Dairy Cooperative. Thus, small organizations like the Dairy Cooperative are able to provide sustainable income to the members of the rural community and the same time ensuring some way of normalcy in the lives of citizens by ensuring their early morning milk.

Conflict of Interest

We confirm that there are no conflicts of interest related to this study.

Acknowledgements

I sincerely thank the dairy farmers of Panchmahal district for their readiness to provide valuable insights for this study. I owe my heartfelt gratitude to my guide, Prof. Dr. Sunita Nambiyar, for her

invaluable guidance and mentorship throughout the research journey. I am deeply grateful to the faculty members of the Faculty of Social Work, The Maharaja Sayajirao University of Baroda, for their constant encouragement and support. I also wish to thank my brother, Malhar Joshi, for always accompanying me during the field visits and standing by me with unwavering support.

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