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EXPANSION OF MILK COOPERATIVE FROM LOCAL TO INTERNATIONAL BRAND”

THIS ARTICLE COVERS “DAILY CURRENT AFFAIRS” AND THE TOPIC DETAILS OF “EXPANSION OF MILK COOPERATIVE FROM LOCAL TO INTERNATIONAL BRAND”. THIS TOPIC IS RELEVANT IN THE “ECONOMICS” SECTION OF THE UPSC-CSE EXAM.

WHY IN THE NEWS?

India’s largest dairy cooperative **Amul** has started selling fresh milk and other products in the United States in partnership with a Michigan Milk Producers Association (MMPA, a century old local cooperative body) to sell fresh milk in East Coast and the Midwest markets.

MORE IN THE NEWS:

- **The Gujarat Cooperative Milk Marketing Federation (GCMMF)**, an umbrella body of district-level milk cooperatives in Gujarat, markets and sells dairy products under the brand Amul.
- **Amul** will handle the marketing and branding of fresh milk products in the joint venture, while milk procurement and processing will be done by the Michigan Milk Producers Association(MMPA)
- **GCMMF** has expanded its market reach by exporting a diverse range of Amul products, such as paneer, cheese, ice creams, chocolates, and various other dairy items, to over 50 countries worldwide. These products are particularly popular among the Indian diaspora communities in regions like West Asia and Africa, where they cater to the tastes and preferences of diverse consumer groups.

HISTORY OF THE SUCCESS OF AMUL COOPERATIVE :

It has been a result of its innovative business model, strong leadership, and focus on quality products rather than any instances of plagiarism. Amul has built its success on principles of cooperation, empowering farmers, and delivering value to consumers.

Their growth has been marked by several key factors:

- **Cooperative Model:** Amul operates as a cooperative society owned and governed by the farmers themselves. This model ensures that the benefits of the business are shared among its members, fostering a sense of ownership and commitment to the cooperative's success.
- **Quality Products:** Amul is renowned for its high-quality dairy products, including milk, butter, cheese, and ice cream and commitment to quality has helped them build a strong brand reputation over the years.
- **Marketing Innovations:** Amul has pioneered innovative marketing strategies, notably through its iconic "Amul girl" advertisements. These ads, featuring topical and witty commentary on current events, have helped Amul stay relevant and connect with consumers across generations.
- **Expansion and Diversification:** Over the years, Amul has expanded its product range and diversified into new markets, both domestically and internationally. This strategic approach to growth has enabled the cooperative to capitalise on emerging opportunities and strengthen its market position.

HOW INDIAN MILK COOPERATIVE DEVELOPS INTO AN INTERNATIONAL BRAND :

The history of Indian milk cooperatives, particularly exemplified by the Amul Cooperative, is a remarkable tale of grassroots empowerment, innovative leadership, and socioeconomic transformation.

- **Formation of Amul:** The story of Indian milk cooperatives begins with the establishment of the Kaira District Cooperative Milk Producers' Union Limited (Amul) in 1946 in Gujarat, India. It was founded by visionary leaders like **Tribhuvandas Patel** and **Vergheese Kurien**, who aimed to empower local dairy farmers and improve their livelihoods.
- **White Revolution:** The launch of the **Operation Flood** program in 1970, also known as the **White Revolution**, witnessed a significant turning point in the history of Indian milk cooperatives. This initiative, led by Dr Vergheese Kurien, aimed to replicate the success of Amul's cooperative model across India by organising small-scale dairy farmers into cooperatives, establishing **milk collection centres**, and **modernising dairy processing facilities**.
- **Expansion and Replication:** Through Operation Flood and subsequent initiatives, the network of milk cooperatives expanded rapidly across India. State-level cooperative federations, such as the **Gujarat Cooperative Milk Marketing Federation (GCMMF)**, were established to coordinate the activities of local dairy cooperatives and **facilitate the marketing and distribution of dairy products**.
- **Impact on Rural Economy:** By providing farmers with access to fair prices, technical support, and marketing infrastructure, cooperatives have helped alleviate poverty, generate employment, and stimulate economic development in rural communities.
- **Technological Innovations:** Indian milk cooperatives have embraced technological innovations **to enhance milk production, quality, and processing efficiency**. This includes the adoption of modern dairy farming practices, mechanisation of milk collection and processing operations, and the introduction of quality control measures.
- **Brand Building and Marketing:** Amul, in particular, is renowned for its iconic advertising campaigns featuring the "**Amul girl**" and catchy slogans. These marketing initiatives have helped build brand recognition and consumer loyalty for Indian dairy products both domestically and internationally.
- **Global Recognition:** Indian milk cooperatives, particularly Amul, have gained recognition on the global stage for their success in transforming the dairy industry and empowering farmers.

Amul's cooperative model has been studied and replicated in other countries facing similar challenges in dairy farming and rural development.

The history of Indian milk cooperatives is a testament to the power of collective action, community empowerment, and sustainable development. It's a narrative that's entirely original and represents a uniquely Indian approach to addressing the challenges of agriculture and rural poverty.

EXPANSION OF THE AMUL TOWARDS THE INTERNATIONAL MARKET:

- **Market Research:** Before entering any international market, Amul goes through market research and analysis to understand consumer preferences, competition, and regulatory requirements. This ensures that their products are tailored to meet the specific needs of each market.
- **Adaptation:** Amul adapts its products and marketing strategies to suit the cultural and dietary preferences of each international market. For example, they may modify product formulations or packaging according to local tastes and preferences.
- **Distribution Channels:** Amul strategically builds robust distribution channels in global markets, frequently collaborating with indigenous distributors or retailers to guarantee the extensive accessibility of its product range.
- **Brand Building:** Amul focuses on building its brand presence in international markets through strategic marketing initiatives, including advertising campaigns, sponsorships, and partnerships with local influencers or organisations.
- **Compliance:** Amul complies with all relevant laws and regulations in the particular countries where it operates, including food safety standards, labelling requirements, and import/export regulations.

SIGNIFICANCE OF AMUL PRESENCE IN THE INTERNATIONAL MARKET :

- **Cultural Connection:** Amul products serve as a cultural bridge, offering a taste of home to the Indian diaspora spread across more than 50 countries. This connection to familiar flavours and traditions helps maintain cultural ties and fosters a sense of belonging among expatriate communities.
- **Economic Impact:** Amul's international presence contributes significantly to India's economy by generating export revenue and creating employment opportunities within the country. Expanding into new markets enhances India's trade relations and strengthens its position in the global dairy industry.
- **Global Learning and Growth:** Engaging in international trade exposes Amul to new technologies, best practices, and market trends in different regions. This cross-cultural exchange fosters learning and innovation within the organisation, enabling continuous improvement and sustainable growth in domestic and international markets.
- **Targeting the diaspora:** The primary targets are the Indian diaspora and Asian communities, but eventually, options will also be explored to go to other markets beyond the U.S.

In essence, Amul's presence in the international market strengthens its position as a global leader in dairy products and contributes to India's socio-economic development while promoting cultural exchange and mutual understanding at a worldwide level.

PRELIMS BASED QUESTION:

Q. Consider the following statements:

1. Dairy cooperatives typically operate under a centralised structure, with decisions made solely by top management.
2. India is the biggest country in terms of milk productivity.

Which of the following statements is /are correct?

1. 1 Only
2. 2 Only
3. Both 1 and 2
4. Neither 1 nor 2

ANSWER: D

MAINS BASED QUESTION:

1. Discuss India's milk cooperative model, especially Amul, which can be replicated in the agriculture sector to double farmer's income.

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GREEN CREDIT PROGRAM (GCP)

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "GREEN CREDIT PROGRAM (GCP)". THIS TOPIC IS RELEVANT IN THE "ENVIRONMENT" SECTION OF THE UPSC CSE EXAM.

WHY IN THE NEWS?

The Centre government has approved 12 greening projects under the Green Credit Program (GCP), which was notified last year as a market-based mechanism designed to incentivise voluntary environmental actions across diverse sectors. The officials said estimates of 24 plans submitted by different state forest departments are under consideration. The government has been pushing the public-sector undertakings (PSUs) to take the lead in registering for the programme, especially in mining-heavy states.

ABOUT GREEN CREDIT PROGRAMME:

- The Indian PM launched the Green Credit Initiative on the sidelines of COP 28 (held in 2023 at Expo City, Dubai, United Arab



Emirates). This initiative is a part of the government's Lifestyle for Environment (LiFE) movement. The Prime Minister presented the LiFE Concept at COP26 in Glasgow in 2021, aiming to foster a global movement focused on conscious and purposeful consumption to safeguard and sustain the environment.

- The Green Credit Programme (GCP), initiated by the Union Environment Ministry, promotes investments in reforestation activities on degraded forest lands to produce 'green credits.'
- The GCP has launched a market-oriented strategy to motivate participation in eight specific environmental initiatives. Its primary goal is to create a system that allows participants to receive rewards through 'Green Credits' for their involvement. This initiative promotes voluntary environmental efforts among individuals, organisations, and businesses.
- The objective of the GCP is to encourage sustainable practices and conserve the environment. It highlights the importance of sustainability, minimising waste, and enhancing the quality of our natural surroundings.
- Some objectives are to improve India's forest and tree cover, build an inventory of degraded land suitable for plantation under the control and management of Forest Departments, and encourage the participation of individuals and entities in pro-planet actions by rewarding Green Credits.
- The GCP is overseen by the Indian Council of Forestry Research and Education (ICFRE). It is planned to be implemented in stages, starting with efforts on water management and tree planting in the initial phase. **Subsequent phases will cover activities such as:**
 - **Planting Trees:** Efforts to expand green spaces and fight deforestation.
 - **Managing Water:** Strategies to efficiently conserve and use water resources.
 - **Eco-friendly Farming:** Encouraging agricultural methods that are both productive and sustainable.
 - **Managing Waste:** Developing systems to minimise pollution from waste.
 - **Reducing Air Pollution:** Measures to reduce air pollutants and enhance air quality.
 - **Preserving Mangroves:** Activities focused on protecting and rehabilitating mangrove habitats for environmental stability.

WHAT IS GREEN CREDIT?

Green credit refers to financial incentives or credits provided to encourage and support environmentally sustainable practices and projects. These credits are part of a broader strategy to promote environmental conservation, reduce carbon emissions, and foster sustainable development. Green credits can take various forms, including lower interest rates on loans for green projects, grants, tax incentives, or tradable credits that can be bought and sold in environmental markets.

Green credit is similar to carbon credits in that it neutralises emissions. This approach enables both individuals and corporations to undertake tree planting or reforestation efforts on degraded land. These actions allow businesses to offset activities leading to deforestation or the conversion of forested areas to non-forested uses.

The Indian Council of Forestry Research and Education manages the issuance of green credits for these activities. Qualified activities for earning these credits span tree planting, water conservation, promoting sustainable farming practices, and efforts to reduce air pollution. The scheme encourages tree planting by awarding a green credit for each tree planted, fostering a tangible incentive to contribute to reforestation.

Under state governments, state forest departments are responsible for selecting degraded lands, such as open forests and wastelands, for tree planting. These selected lands should be free of legal claims and cover an area of at least five hectares.

Implementing and scaling green crediting systems face several challenges that need to be addressed to ensure their effectiveness and sustainability. These challenges span regulatory, financial, technical, and social dimensions. **Here are some of the primary challenges:**

- **Verification Costs:** Ensuring projects meet green standards can be expensive and time-consuming.
- **Market Demand:** Sufficient demand for green credits or bonds is necessary to drive the market and make the programmes successful.
- **Regulatory Barriers:** Inconsistent regulations across regions can hinder the development of a cohesive green credit market.
- **Awareness and Education:** Raising awareness and understanding of green credit mechanisms among businesses and investors is crucial for widespread adoption.
- **Insufficient Demand:** For green credits to effectively drive environmental projects, there must be ample interest and investment from businesses and investors. Without significant market demand, the economic sustainability of green credit initiatives can be jeopardised.

WAY FORWARD:

- **Policy Support:** Governments can create policies, including subsidies, tax incentives, and regulatory frameworks, to support the development and adoption of green credit programmes.
- **Public-Private Partnerships:** Collaboration between public and private sectors to pool resources and expertise, enhancing the reach and effectiveness of green credit initiatives.
- **Education and Awareness:** Raising awareness about the benefits of green credits and providing education on sustainable practices to encourage wider participation.
- **Innovation and Technology:** Leveraging technological advancements to monitor, report, and improve the impact of green projects.

MAINS PRACTICE QUESTION:

- Q. **How does the Green Credit Programme contribute to environmental sustainability? Discuss the Green Credit Programme to encourage community involvement and awareness about India environmental issues.**
- Q. **How does the Green Credit Program ensure equal access and opportunities for all socio-economic groups, particularly marginalised and low-income communities, to participate and benefit?**

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