

Dr. R.S. Sodhi
Interacts with
Prof. Tarun Khanna
Jorge Paulo Lemann Professor
Harvard Business School, Boston, USA



Dr. R.S. Sodhi is President of the Indian Dairy Association and the former Managing Director of Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF). Dr. Sodhi had interacted with Prof. Tarun Khanna, Jorge Paulo Lemann Professor, Harvard Business School, Boston, USA in March 2023 at Mumbai.

The excerpts of the interview are as under:

Interaction began as Dr. Sodhi started outlining the early history of Amul. He explained that milk collection in 1946 depended on Polson Dairy, a private company that functioned as an effective monopoly and used to compensate Indian farmers according to seasonal increases or decreases in production. In order to obtain better and more stable incomes, Sardar Vallabhbhai Patel - a prominent figure in the struggle for Indian independence advised that farmers should "own the whole supply chain." This led to the establishment of Amul's cooperative structure. It was made possible after farmers went on strike against the British colonial government.

Dr Sodhi explained the Amul model that functions according to a three-tier structure, with village cooperative societies as the first layer, district cooperative unions as the second, and the state cooperative federation as the third. Dairy products follow the three-tier structure as they move from production and processing to marketing under the common brand name of Amul. Discussing the pros and cons of this structure as opposed to a private corporation, Dr. Sodhi said, he views his role as the Managing Director of the cooperatives as "diagonally opposite" to that of a CEO for a corporation, who might seek to buy raw materials at the lowest price possible to maximize gross profit. On

“

Cooperative mentality is not to focus on profit only but to serve both farmers and consumers, keeping in background the inclusive growth of India with a focus on improvement of socio-economic status of rural India.

”

the other hand, he would aim to buy raw materials at higher prices to obtain more consistent returns for farmers.

Building Brands

Dr. R.S. Sodhi discussed the Amul's organizational strategies that build its unique relationship with both farmers and consumers. Normally any organization is concerned with the consumers only. But Amul takes care of both - milk producer as well as consumers. Trust have been developed by Amul amongst its 3.6 million milk producers over the decades by helping them continuously at every level and providing best and tasty milk and milk products to the consumers made out of natural ingredients by using latest available technology, be it testing equipment, processing, packaging and supply channel, next to their home but at an affordable price.

Importance of Marketing & Advertising

Talking about the history of the Amul name and traces the origins of "Amul butter girl" - one of the world's longest running ad campaigns, Dr. Sodhi said that in 1946 Amul was born and started collecting milk and selling it in Bombay. In 1950s, when surplus milk was available, it was converted in to Ghee and latter in butter in late 50s. During those days, only imported butter brands were available in India. There was no Indian brand. Everybody suggested that in order to develop trust amongst consumer, we must have English brand name. But Dr. Kurien opposed this idea and said "No, we must have some Indian name." That's how Amul brand name came into picture. Basically, Amul word came from Sanskrit "Amulya" i.e., Priceless. This name was coined by one of the technicians of the laboratory of Amul. During those days Palson butter was very famous. It was fear amongst all of us as how to counter Palson butter with Amul brand.

Despite having little funds to build the Amul brand, Dr. Kurien contacted Shri Sylvester da Cunha (A Dr. Kurien Awardee of 2001-02), an Advertising Executive who in 1965 created the "Amul Utterly Butterly Delicious" campaign featuring the iconic "Amul girl." Ongoing today, the "Amul girl" advertisements consist of a cartoon girl who comments on current affairs all the way from politics to pop culture.

Social-Economic Impact of Cooperative Structure

Dr. R.S. Sodhi described how the cooperative structure has helped farmers improve their socio-economic status. He said during the early days of Amul, milk was poured by mostly the land owner farmers. They got prosperous and educated their children. Nowadays if you visit USA or European country and meet any old lady from Gujarat, she will acknowledge that she used to pour milk in the village collection societies (VLC) during her childhood. After getting prosperous, most of them came out of it. Currently, 70 per of the milk pouring member milk producers belong to small, marginal and landless labourers.

Cooperative structure is like a hospital. Needy patient connect himself with cooperative through VLCs and once they found themselves economically sound, they move forward and again the needy people in the form of small, marginal and landless labourers join the cooperative for their livelihood. So that's how the cooperative system in India is improving the socio-economic status of rural India.

Amul model or cooperative structure in India is totally different with whole world. In India, milk producers get

up to 80% of what consumer in the city pays for 1 litre of milk whereas in most of the developed world, farmers get only one third of it.

Sustainability and Environment Issue

Addressing the query on Indian dairy sustainability, Dr. R.S. Sodhi said that Food is a big arena, lots of innovations are there. There are few advertising gimmicks are also there in the market. Initially a campaign of A2 milk was all over. Now the plant-based product/vegan campaign is going on world over to counter the Greenhouse gas produced by the milch animals.

In Indian context, a common man buys arid food based on its taste, nutrition and affordability. Plant-based products tastes are nowhere near natural taste of dairy products. If you see the ingredients of a plant-based products, 5-6% ingredients are plant based and rest are factory manufactured vegetable refined oil, synthetic chemical-based flavours, artificial colours and vitamins, etc. Most of the fat and nutrition in Soya and plant-based products are 1/10th of the milk. Also, if you have got the natural product in dairy segment at one third of the cost of plant-based products, why you will pay more for artificial products like plant-based.

On the environment issue, Dr. Sodhi said that the whole universe is inter-linked. Plants, animals and human being are dependent on each other. We need animal because how long we will be using chemical fertilizers to increase the efficiency of our soil. We must use organic fertilizer in the form of bio-waste produced by the animals for greater sustainability. Nowadays, Cow and Buffaloes have been made villain in the name of methane gas whereas more greenhouse gasses result from energy consumption related to, for example, the transport of produce from one side of the world to the other.

Dr. Sodhi concluded the interview by narrating the story of "Operation Flood," a campaign that started in the 1970's to increase milk production in India. Through successive stages from the 1970's to the 1990's, the campaign led to what was called the "White Revolution" as India went from a country with a deficit to one of the world's largest milk producers. He expressed optimism about the sustained growth of the dairy industry in India, as well as the continued importance of the cooperative structure as a means to achieve the social betterment of rural communities throughout the country.

Source: The above content are the excerpts of the video interview held in March 2023 at Mumbai wherein Dr. R.S. Sodhi, President-IDA was interviewed by Prof. Tarun Khanna on "Creating Emerging Markets – Oral History Collection" – a part of the Baker Library Special Collections and Archives, Harvard Business School.