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The Role of Indian Cooperatives in Building Food Value Chain Resilience During the COVID-19 Pandemic

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Introduction

Cooperatives in India have historically played an important role in improving the livelihoods of the predominantly small and marginal farmers by increasing productivity, incentivising sustainable agricultural practices, and generating income and employment opportunities (Kumar et al., 2015).

Their role assumed increased significance during the 2020 COVID-19 pandemic when lockdowns forced disruptions in both global and domestic food value chains due to labour shortages, logistical bottlenecks, and inadequate infrastructure (Trivedi et al., 2021). Besides its impact on Indian farmers, panic buying on consumers' side led to food wastage while price shocks compromised the livelihoods and food security of an already vulnerable population (Cariappa et al., 2022; Reardon et al. 2020).

In this context, farmer collectives such as cooperatives and Farmer Producer Organisations (FPOs) demonstrated exceptional resilience when traditional supply chains collapsed (Dharmalingam et al., 2021). This highlights the importance of understanding their role in stabilizing food systems and deriving lessons to build supply chain resilience in the face of similar crises in the future.

Research Questions

- 1) What specific roles did cooperatives play in maintaining food production and distribution during COVID-19 pandemic?
- 2) Which factors facilitated or inhibited cooperative responses during this period? This would include the role of organisational factors, the institutional environment, and broader socio-economic conditions.

Additional themes to be considered:

- Mechanisms used by cooperatives to support members
- Strategies employed to adapt to logistical and market constraints during lockdowns
- Performance of cooperatives models compared to alternative organizational structures



Theoretical Background

The resilience of cooperatives and their ability to stabilise food systems during periods of crises can be explained by the following factors:

- 1) Cooperatives' focus on **member centrality** in the form of providing value to them rather than generating profits helps create strong links with members, who not only act as its investors, but also as suppliers, workers, and buyers. Lack of separation between ownership and control reduces agency problems. The lack of strict hierarchies because of the focus on democratic governance also fosters trust between members (Billiet et al., 2021).
- 2) Cooperatives' ability to enable **collective bargaining and market access, reduce transaction costs** for both small farmers and big buyers/processors, **and distribute risks** (Birchall, 2004) can be particularly valuable during times of crises. This is especially true for a country like India in which the agriculture sector, in general, is characterised by low efficiency, a large number of small and marginal farmers who lack market power, and a fragmented supply chain containing multiple intermediaries.

Methods

Analysis will be based on the following:

Comprehensive **review of secondary data sources**, including policy reports, journal articles, media reports, and press releases

Case studies of important agricultural cooperatives based on official reports published by them and semi-structured interviews with important stakeholders, particularly those involved with lesser-known cooperatives

Preliminary Results

Some examples of the success of Indian cooperatives during the COVID-19 pandemic:

Cooperatives remained community-focused even during crises, often focusing on the needs of vulnerable sections such as women in the informal sector. For instance, members of the Self Employed Women's Association (SEWA) undertook mutual training on the use of digital communication tools, set up community kitchens, distributed health kits, and established insurance schemes to help rural communities afford hospital costs (Billiet et al., 2021).

There was a strong focus on digitalisation, both for disseminating information about COVID-19 and for maintaining connections between supply-chain actors. For example, smallholder farmers in Odisha used a digital platform called eKutir to maintain access with both suppliers and markets, arrange transactions, and therefore continue earning an income despite the broader economic slowdown (Ferguson et al., 2024).

Well-established cooperatives such as Amul used a multitude of different strategies to maintain full production capacity and increase revenues during the crisis, even when comparable dairy business performed significantly worse.

Some of the strategies used by Amul were:

- **Digital transformation to garner competitive advantage:** Building strategic partnerships, increasing supply chain traceability, optimizing resources
- **Innovative distribution strategies:** Shifting from road to rail transport to overcome labour shortages, leveraging e-commerce partnerships
- **Counter-cyclical marketing:** Increasing ad spending, running ads strategically, promoting immunity-boosting products
- **Stakeholder-centric approach:** Providing additional financial incentives to farmers

(My PM Interview, 2021)

Conclusion

Indian cooperatives exhibited remarkable success in ensuring supply chain resilience during the pandemic. However, since not all cooperatives performed well during this period, it is necessary to analyse the factors determining the ability of a cooperative to cope with such a crisis.

In particular, it is important to study the role of digital literacy and access, and whether the digitisation efforts initiated during the pandemic have continued to generate sustained value for cooperative members.

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