



LIST SESSION 6

Two Approaches to Livelihood Intervention

Blueprint Vs Greenhouse: Lessons from Operation Flood and the Self-Help Group movement on design of livelihood programmes

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Two Approaches to Livelihood Intervention: Greenhouse versus Blueprint

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Abstract

Governments choose between two ways of intervening in livelihoods. A *blueprint* approach fixes a design centrally and offers it to communities. A *greenhouse* approach is where Government provides enabling environment (like a greenhouse) to enable community driven development initiatives unfold.

In this paper I treat Operation Flood as the blueprint and the self-help group (SHG) movement, as it grew into the Society for Elimination of Rural Poverty (SERP) and the National Rural Livelihoods Mission (NRLM), as the greenhouse. I set out how each programme was designed, what it subsidised and why it worked. I then follow the pressures that diluted both: technology, politics, standardisation and freebies. I close with the kinds of questions the audience put to me on scaling, cash transfers, inequality, digitisation and tradition, and with the lessons I draw. A programme needs one clear value proposition. Subsidy should go to structures, not individuals. Repayment discipline must be protected. Programmes need years to mature before they scale.

Keywords: *livelihood interventions; Operation Flood; dairy cooperatives; self-help groups; SERP; NRLM; Lakhpati Didi; scaling; subsidy design*

Key points at a glance

1. Operation Flood subsidised infrastructure, services and research. It did not lend to individual farmers, and it kept commercial banks out.
2. Self-help groups reversed several banking assumptions: savings before loans, social collateral instead of physical collateral, planned meetings instead of walk-in banking.
3. SERP and NRLM added livelihood planning and village-level funds. Their subsidy went to community structures, not to individual women.
4. Both programmes took 20 to 25 years to reach national scale. Replications never match the original, but the compromise is better than having no programme.
5. Both weaken over time. Technology can exclude small producers in the blueprint. Standardisation, politics and freebies can dilute the greenhouse.

1. Introduction

The title of this talk is inspired by a paper by Goran Hyden¹. I address the question of how a state should intervene in augmenting the livelihood opportunities of the poor. One approach is to start with centralised plan, the blueprint, that can be easily scaled and replicated. An alternative is to nurture practices in a decentralised way, working at the grassroots and adapting the practices to suit the local endowments - the greenhouse approach. These two come from diverse ideological vantage points and one can argue that either is superior. However, in the field, we find that both have worked with some caveats.

Every programme launched because of a public policy faces multiple complexities:

- **Blueprint and conversations.** A blueprint usually is a centrally designed template that is to be replicated across the country. The complexity here is that there are regional nuances and situations in the field could be different. A blueprint can be accused of railroading a programme into people's lives without adequate conversations. Having a consultative process with detailed conversations will always reduce the scale and pace of the programme.
- **A Federal country with regional and local considerations.** India not only differs in language, terrain, culture but also in terms of natural and financial endowments, tax collection and infrastructure. A national programme may not suit every region and customisation at the state level could also invite a charge of discriminating one state against the other.
- **Inclusion versus standardisation.** Government must run on policies, procedures and norms, which must be crystallised into standard operating procedures. A programme should run on the basis of norms and not on personal whims. Therefore, each regional unit or a state cannot work like a corner shop picking up whatever it fancies as inventory.

There is also a point about how programmes are judged. Any government programme attracts a thousand critics because a welfare programme pursues several objectives at once. It will usually succeed on many and fall short on a few, and critics pick the few. For this reason, we say that a government programme is always called inefficient, even when it is not. While the business world measures results on one parameter – profits, it is much more complex when it comes to welfare.

2. Blueprint Approach: The Operation Flood Programme

2.1 Origins

Operation Flood (OF) programme, led by the National Dairy Development Board (NDDB), made India self-sufficient in milk. I call it a fine example of a blueprint programme. However, any programme that is replicated across the country, does not get to the field directly from a drawing board. To that extent this programme did not start from a vacuum.

The OF programme was a replication of Amul, or what was then called as the Anand Pattern Cooperatives. The origins of the brand Amul (currently representing multiple producer organisations) go to the year 1946. The story is that dairy farmers around Anand in Kaira District (Later renamed as Kheda) of Gujarat were not satisfied with the price being paid by the monopoly buyer Polson Dairy which was supplying milk to the Bombay Milk Scheme.

¹ The paper appears in a seminal collection of essays.

D. W. Attwood and B .S. Baviskar (1993): "Who Shares? Co-operatives and Rural Development" Oxford University Press. New Delhi.

Dissatisfied farmers took their complaint to Sardar Vallabhbhai Patel. We must remember that India was at the cusp of independence at that time and peoples' movements were at the peak. Patel told the farmers to get rid of Polson and organise themselves under the leadership of Tribhuvandas Patel and set up a cooperative. At that time Verghese Kurien, who had gone to Michigan University on a Government of India fellowship, had to serve a bond in return for the fellowship and had returned to India to work in a government creamery in Anand. Kurien was persuaded by Tribhuvandas Patel to work for Kaira District Milk Producers Union (KDMPUL) as General Manager. The (KDMPUL) was procuring milk from farmers, processing it and selling milk and milk products locally and in Mumbai. There was a clear link established between the producer and the consumer, with the value chain under the control of the farmer collectives.

By the mid-1960s, the (KDMPUL) had established Amul as a brand and the dairy co-operative network in Gujarat had a track record of about 15 years. Prime Minister Lal Bahadur Shastri was invited to inaugurate a cattle feed plant and was keen to stay overnight in a farmer's house in a village. After the visit Prime Minister Shastri talked to Kurien to figure out why Amul was so successful, while the conditions in the farm and around was as normal as any other village in India.

Kurien answered that farmers had access to a market, were connected to the enterprise, and had a stake in it as a cooperative. Kurien would always say that there would be no Anand without a Mumbai. Shastri asked whether it could be replicated across the country and if Kurien would lead the programme.

Kurien accepted Shastri's offer on three conditions: that the office would remain in Anand; he would continue to be an employee of the Gujarat farmers and would not take a salary from the State and that he would raise his own resources (See Table 1). Together they gave him the autonomy to design the programme.

Table 1. Kurien's three conditions and what each secured

Condition	What it secured
The office stays in Anand, not Delhi	Distance from the administrative machinery of government
A token salary of one rupee; he remains an employee of Gujarat's farmers	Loyalty to producers rather than to the state; an independent livelihood
No government money; the NDDB raises its own resources	Financial independence from the exchequer

Source: lecture; conditions as recounted by the speaker.

He was still accountable: while NDDB was set up as a board, it was later constituted as a Statutory Board, with a specific law passed and it was accountable to the Ministry and the parliament. The Chair of NDDB was always appointed by the President on the recommendations of the Appointments Committee of the Cabinet. Since NDDB raised its own resources, it was not subject to the audit of the Comptroller and Auditor General, though the parliament had the residual rights to cause an audit.

2.2 Market first, farmer later

Phase 1 of OF was about markets. Kurien negotiated food aid from the bloc of European countries that held surpluses of butter oil and milk powder. At that time the markets for organised supply of milk had not fully evolved. OF started by selling the food aid and developing four large metro

markets, and at the same time working on milk sheds in the catchment area of the metros. The four metro markets identified were Mumbai, Delhi, Kolkata and Chennai.

The proceeds of selling food-aid in these markets was the core corpus of NDDB. This corpus was used to develop the value chain – both in terms of soft infrastructure of farmer collectives and hard infrastructure of processing, storage and logistics facilities. The internal capability for higher productivity and better quality followed. At that time Kurien was asked if it was wise to accept aid from Europeans, as they would use India as a dumping ground and once the market evolved, would start exporting to India, making the local producers uncompetitive. It is said that he responded that while the belief is true that the western world used the third world for dumping, in this case he suggested that for a change, India would be using the western world. And of course, he used them well.

The institutional that was the blueprint and replicated across the country was called the *Anand Pattern Cooperative* of three tiers.

Village cooperatives form the base. Dairy farmers pour milk twice a day. The village co-operative needs a building, some equipment to test the milk and some facility to maintain accounts and make payments. Most village co-operatives also sold cattle feed and needed some place to store cattle feed and sell it. This part of the value chain was not capital intensive. A team from NDDB would first go to a potential village, undertake a survey to map the potential and then organise people to start a village society. The team usually consisted of people who were good at agricultural extension, including a veterinarian. The feature film *Manthan* produced by the farmers of Gujarat effectively narrates this story.

District unions are federal co-operatives having the village cooperatives as members. They process the milk and make products. There is a heavy investment at the union level as they must buy equipment to pasteurise milk and process it into products. The corpus of NDDB was significantly used to fund these capital investments – in most cases the assistance came in the form of a 30% grant and 70% soft loan that helped the co-operative system accelerate the ability to process, while the member incomes would raise gradually as their productivity improved.

State marketing federations market products across the state and often beyond. Most of the state federations built their own brands: Vijaya in undivided Andhra Pradesh; Nandini in Karnataka; Verka in Punjab; Milma in Kerala; Aavin in Tamil Nadu; Sudha in Bihar and Saras in Rajasthan. In the original scheme of things Amul did not have a federation, but its marketing was outsourced to Voltas. It was only in 1973 almost after two and a half decades of setting up of Amul, that the federation was set up. In the replication, the federation and the brand were promoted right from the beginning.

2.3 Working with the farmer

Apart from organising farmers to organise themselves, the OF programme did not actively engage with the farmer in a structured manner on a day-to-day basis. Yes, there were the occasional exposure visits to Anand, the board of the co-operatives went through governance training, and some extension activities were undertaken. However, we see that apart from collectivising farmers, the idea was to increase both production and productivity. Both were done through ecosystem interventions rather than direct interventions.

The production enhancement could be done by purely connecting the farmers to the market and ensuring that the farmers got a higher pie in the consumer rupee. Milk is the only commodity where the farmer (through cooperative) gets almost 75-80 paise of the consumer rupee. While it

is 30 to 50 paise per rupee for other agricultural products. The only other product where the producer receives a similar share is in case of poultry. Having a remunerative price – with a 10 paise advantage over the unorganised sector in case of dairying, it was imperative for the farmers to re-invest and buy more milch animals, which enhanced production.

On the productivity front there were two elements that worked. First there would be loss of production because of animals falling sick. This was avoided by having a veterinarian visiting each of the villages on a prespecified weekly schedule to check on the health of the animals. There was also a mechanism to attend to any emergencies. At a time when telephone networks were weak, a radio network let a distressed animal's owner call a mobile veterinary route. Most of the medicines for the animals were given free. This reduced fall in productivity. There is an anecdote about the superior veterinary services offered by the Amul system which is telling on the quality of what was being offered. When Tribhuvandas Patel stepped down from his position of the KDMPUL, the Union presented him with a purse of Rs 6 lakh. He used it to set up Tribhuvandas Foundation with a single aim: human health services in Kheda district should become as good as the veterinary services for cattle! Ironically animal care in the district was better than the primary health service for the residents. Patel wanted primary health centres and doctors on call in the same way as the radio network for animal care.

For enhancing productivity, cutting edge research was undertaken to provide for artificial insemination, embryo transfer that resulted in breed improvement and better productivity. As of now, the cutting-edge research is about undertaking sorted semen for artificial intelligence to ensure that the progeny of a milch animal is a female and therefore there is no productivity loss in each calving.

At the same time, NDDB did not work with banks or financial institutions pro-actively to get the farmers loans to buy new milch animals. The reasoning was that if the milk supply was tied up to loan repayment, the farmer who is under financial stress would not only default on the loan but also on the milk supply. Therefore, Kurien and NDDB believed in retaining focus just on the milk supply.

2.4 Structuring subsidies

It is important to note that the structuring of subsidies was done innovatively – and most of the time the subsidies were not even noticed. Instead of selling milch animals at a subsidised cost or purchasing milk at above the market bonus price, the subsidies were targeted at ecosystem building that made co-operatives more competitive and increased their ability to compensate the farmers well.

I have already discussed the ecosystem subsidies in extension – free medicines; free veterinary visit; subsidised artificial insemination and cutting-edge research on breed improvement in the state sector, where costs were not passed on to the ultimate customer.

I have also discussed that the plants were set up with a grant plus a soft loan.

Both these subsidies were creating the infrastructure and making the operations more competitive, because it solved the capital investment problem (which is one of the issues that co-operative sector suffers from) and also the initial cash flows. There are significant lessons to be learnt from OF on how subsidies could be structured in a State led programme.

3.4 Phased expansion

Operation Flood ran in three phases. In the first phase the work was done in 18 milksheds to connect with the metro markets. In the second phase, 132 milksheds were developed to link 290

towns and cities. The third phase worked in 173 milksheds, almost doubling the number of primary milk co-operatives and focussed on harder ground including tribal and hilly districts and the North-East. During this phase, women's co-operatives were also encouraged.

3.5 Inclusion and income security

Was Operation Flood inclusive? Anyone who supplied even a litre of milk could become a member, and in that sense the programme was open. As we stated earlier, it did not go out of its way to persuade people without a milch animal to acquire one. The offer was attractive enough that people expanded their herds on their own.

The programme's effect, I argue, was to eliminate vulnerability even where it did not eliminate poverty. The dairy farmers had cash flowing in every morning and afternoon, with payment for the morning's milk in the afternoon and for the afternoon's milk the next morning. A farmer would pour the milk, take a receipt, collect cash and buy cattle feed at the counter, and carry it in the same vessel. Today the process is automated: a machine measures the milk and fat content, and the money goes straight to the farmer's account.

3.6 Criticism and limits

Operation Flood has had many critics. Scholars like Shanti George argued that the programme failed because it succeeded! Even when the price of milk was not attractive enough the poorer segments of the society would sell the milk as there was ready market rather than consume thereby resulting in protein deficiency (George, 1985). Amul rejected the claim but, soon began supplying soya nuggets as a protein source to the dairy farmers. This did not take off because Soya did not go well with the naturally vegetarian Gujaratis. The texture of soya and its sponginess was nearer to meat and was a taboo.

In addition to the criticism, while the Anand model required the entire set up to be organised as farmer owned and farmer controlled co-operative institutions, in many states the State would appoint its own civil servant as the CEO and pack nominated members on the board. For Kurien the blueprint was more of a physical structure, and he was tolerant of institutions not fully adhering to the co-operative principles. This contrasted with Mamidi Rama Reddy of the Co-operative Development Foundation in Telangana (who worked with Kurien to get a more farmer friendly law to be passed) who would stop operations if the co-operatives violated the principles. In case of NDDDB it was the physical process that was critical in the blueprint.

As the co-operatives have grown, we now see that they have moved a bit away from inclusion. As the co-operatives access sophisticated markets, hygiene requirements, phytosanitary standards and Hazard Analysis Critical Control Point norms are dictating the value chain, and the milk is drawn through milking machines, stored in bulk milk coolers and transported in insulated tankers. This would need milking machine and milking parlours at the farm level. An investment in these technologies would be justified with a larger herd size, much beyond what a small farmer would have.

As a result, we see new co-operatives are emerging under the guise of Farmer Producer Organisations that are including those small farmers that are excluded from the large APC network. A women's dairy cooperative - Shreeja in Tirupati is a good example of a new generation cooperative. I see this as a continuous process: each new technology leaves some people out, and each new institution tries to bring them back in.

4. The greenhouse: self-help groups, SERP and NRLM

4.1 Origins

The SHG movement did not begin as a government programme but was promoted by civil society organisations. The most credible account is that MYRADA in Karnataka started it, but the civil society world is a joint family and ideas travel, and it got replicated widely across the country. Aloysius Fernandez of MYRADA has this story: Women in a village told Fernandez that their cooperative had failed, that they owed a loan, and that there was no cooperative left to repay. They offered to repay the money to MYRADA so that the lending cycle could continue. He asked them to form a group and repay it to themselves. In looking at this model it is important to distinguish two models of microfinance.

The Grameen model is a blueprint: a standard loan, a group of about 40, take it or leave it, and consequences for default. It reaches many people quickly, like a conveyor belt. It could grow rapidly because of its standardisation. Undivided Andhra Pradesh saw a crisis that followed the rapid and irresponsible growth of the Grameen-type model. The SHG mode, on the other hand, is slower and steadier, and I consider it more solid.

4.2 The myths the SHG model broke

The SHG model was unique, and it broke several long-held banking myths. This is elaborated in the Table 2 below

Table 2. Banking assumptions and how the SHG design reversed them

Conventional assumption	SHG design	Why it mattered
Poor need credit as they do not have their endowments	Small regular savings first, and credit from the pool	It started ground up. The poor were putting their money upfront and had a skin in the game.
Most programmes involving money and livelihoods were targeted at men	Women only	It made women look for the opportunity, use the opportunity more responsibly.
Loans need physical collateral	Group guarantee and Social collateral	It ensured that the bonding and the intimate knowledge that the members had about each other mattered. That interpersonal trust was also a collateral.
Banking is usually a walk in transaction	A planned meeting at a fixed time and place	A planned meeting brought discipline and predictability. It reduced costs due to aggregation of transactions.
Interest rates must be kept low and benchmarked against banks	Benchmark against the moneylender; High interest rates are okay as the interest stays in the group	The bank is not an alternative, or the women would not have formed a group. Interest paid within the group remains with the community.
Loans should be for productive use	Consumption loans are accepted	The family economy is complex and financial resources are fungible. At a base level targeting a purpose removes the choices. A rice credit line for poor, means food at home, and better negotiation power for wages.

Conventional assumption	SHG design	Why it mattered
Banking is usually done only in the bank premises	Banking at the village centre	The activity of banking made into a weekly outing and celebration. Making banking more proximate to people

Source: (Sriram, 2017) recast as a table.

The SHG model represents a greenhouse model because the women decided how much to save, which day to meet, and how to keep accounts. Some kept the books themselves, and some hired a local graduate. An external animator facilitated, but the rules were tailor-made to local conditions. I use the image of a plant sown under controlled conditions that grows on its own, as opposed to one replicated across the landscape. The term comes from horticulture, where plants are grown in a controlled atmosphere before transplanting. The model was inclusive, giving women control on their resources and therefore was also politically attractive. The co-option of this model happened gradually.

4.3 From NGO idea to state programme

There were two initiatives that co-opted this initiative as a state programme. The Magalir Thittam of Tamilnadu and Podupu Lakshmi programme that was taken up in Nellore district of undivided Andhra Pradesh under the leadership of the ten District Collector, K Raju. As this was successful, the endeavour was to scale it up further. With World Bank support it was replicated in six districts by setting up a special purpose vehicle Society of Elimination of Rural Poverty (SERP). After a review of the success of the programme, the same programme was extended across the entire state of the undivided Andhra Pradesh.

While this ultimately was a programme led by the state, it is important to recognise the role of people: a cadre of civil servants in rural development from Andhra Pradesh, were deeply inspired by S.R. Sankaran, a self-effacing civil servant who dedicated himself to the cause of rural development, particularly the tribals. I had visited Sankaran at home much after his retirement, he was simple wearing a dhoti, and a shirt, lived out of one suitcase and three chairs of different colours. Many who headed the programme were deeply influenced by Sankaran.

In addition to this, Parmesh Shah a World Bank professional was also deeply committed to the cause, using the SHGs as a core intervention strategy. With these officers from Andhra Pradesh and World Bank, the programme moved from being a state programme to the Union government to become the National Rural Livelihoods Mission NRLM).

In a blueprint, there was one undisputed leader – V Kurien. In case of the greenhouse approach, there were many leaders who believed in the cause. The contribution of SERP to build on groups that already existed and carried out basic financial intermediation and elevate them into livelihoods groups and move beyond small consumption loans. Even here, the women were free to carry out their own livelihoods, come together and aggregate or carry out joint activities and plan locally. For instance, in Bihar, the groups run canteens; in some places the groups supply fresh food to Indian Railways Catering and Tourism Corporation for food to be served on trains and in other places they undertake tailoring, pickle making and other such backyard activities which are collective. This does not prevent women from carrying out livelihoods activities as individuals – be it running a catering stall, maintaining milch animals, goatery, backyard poultry or any other livelihood activities suitable to the local conditions. Planning was decentralised by cluster, with fisheries linked to fisheries markets, vegetable clusters to vegetable markets, and

garments and goats handled on their own terms. The result was very conversational and consensual.

SERP and later NRLM created village-level organisations. The funding from the state were parked in village organisations and the district federations. The spirit of the design was replicated in other states, with local customisation. In this case the state of Bihar is often cited as a success story. However, to understand Bihar one must understand Andhra Pradesh, because experienced women practitioners from several districts of Andhra Pradesh went to Bihar, stayed, and trained local communities across the language barrier. What they did was not transfer the hard design, but they transferred the conceptual thought process in the programme. This is a classic example of a greenhouse model.

4.4 Diluting the model

Such a design is hard to run as a government programme, which normally works through district allocations and the district collector. SERP got around this by being a society empowered to deal directly with the programme and, in the first phase, to bypass the district administration. It ran like a civil society organisation within government. This is possible when there is an unusual project run on a mission mode.

I know of only two government offices where the usual culture of the State was absent: SERP's office in Hyderabad which was filled with people from the civil society organisation and Aadhaar office in Delhi during its early days under the leadership of Nandan Nilekani, which had many technical people volunteering for the project. However, as the programme grows, its accountability framework widens and therefore it loses the uniqueness of its design.

The model got diluted over time, both structurally as well as in spirit. This is where the blueprint model tends to work better than the greenhouse model because the standardisation is embedded in the design itself. As the State moves towards standardisation, the district administration and peoples' representatives get involved. Co-ordination committees will have to be set up and many compromises need to be made. A couple of years ago when I visited Bihar, I found the paradox of village organisations and district federations holding large funds that groups could not borrow because members and groups had defaulted on their loans and the money sat idle. We need to think about structuring the subsidies in this context.

The first serious blow to the spirit of the programme was the *Pavala Vaddi* programme announced by the then chief minister of undivided Andhra Pradesh. This broke the interest-bearing loan into something close to a freebie and broke repayment discipline. When structuring subsidies, we need to be mindful of intervening in a pre-existing contract versus providing ecosystem support. The pre-existing pact was that the groups would determine the interest amongst themselves, enforce recoveries and share the profits as they wished. The *Pavala Vaddi* (Interest at 25 paise per month or 3% per annum) was a rate that was specified by the State without consideration of the local ecosystem. We need to keep this insight while designing large state run programmes.

In both OF and NRLM, the ultimate beneficiary dealt on market principles. The money was a community asset, not an individual handout. In case of dairying the Karnataka Government gives a subsidy of Rs 7 per litre of milk to the farmer. This is a badly designed subsidy – like the *Pavala Vaddi* scheme. In essence, it is a consumer subsidy masquerading as a producer subsidy. This is because the consumers in Karnataka consumers pay less for milk than any other comparable

state. This money would have worked better if it built dairy infrastructure so that the market pays.

The most important thing for us to remember is the curse of success of a pilot. A pilot's success is hard to carry into replication. I remember Shri NS Sisodia, when he was Secretary, Banking had said that *"the tragedy of a pilot is that it always succeeds. The pilot gets the best resources and is protected from failure. When the programme is replicated, the conditions that made the pilot work are not replicated, and the programme fails"* (author's recollection from a speech).

4.5 Extending the Greenhouse thought: Lakhpati Didi

Lakhpati Didi, which the government now also promotes, extends decentralised planning from the community to the household. Staff map each household's endowments, including land and other resources, and recommend an activity: goats for one household, vegetables or backyard poultry for another. I see it as the logical extension of decentralised planning.

To summarise, the difference between the two models are captured in the Table 3 below:

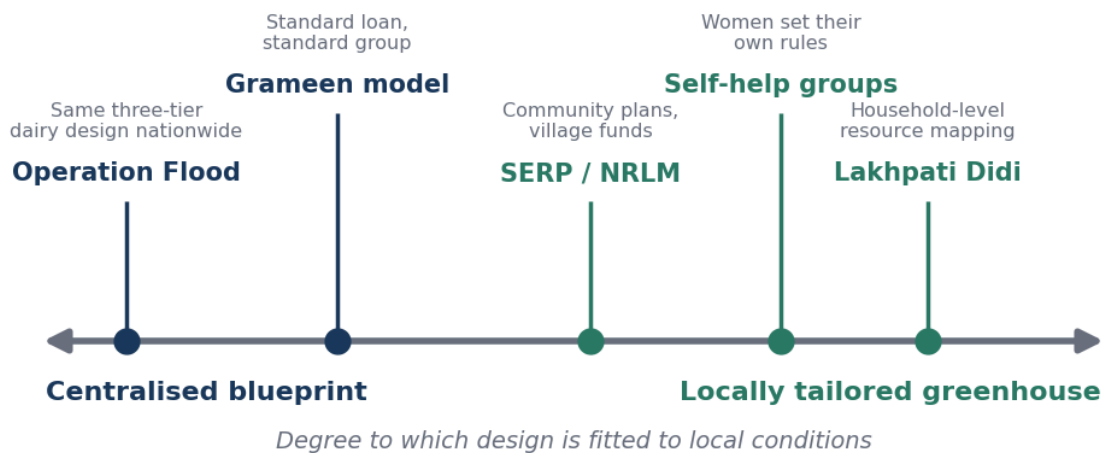
Table 3. *Blueprint and greenhouse compared*

Dimension	Blueprint	Greenhouse
Design	A fixed plan prepared centrally and replicated	Rules grow in the field and fit local conditions
Role of the community	Takes up an offer after a survey of local potential: "take it or leave it"	In constant conversation; women decide savings amounts, meeting days and bookkeeping
Standardisation	High	Low; micro-plans differ by village (fisheries, vegetables, garments, goats)
What was subsidised	Infrastructure and services, price of milk (later)	Community structures such as village organisation funds, interest rates
What should be subsidised	Only infrastructure	Only ecosystem
Programme discussed	Operation Flood; the Grameen-style model in microfinance	SHGs, SERP, NRLM, Lakhpati Didi
Main strength	Reaches scale; one clear value proposition	Inclusive, empowering, fitted to context, slow to grow
Main risk	Exclusion as technology advances; political takeover	Dilution by standardisation; idle funds; freebies, political takeover

Source: editors' synthesis of the lecture.

If we were to place the examples that were discussed in a continuum it would look like the Figure 1 given below

Figure 1. Programmes discussed in the lecture, placed from centralised blueprint to locally tailored greenhouse (schematic)



5. Where the models meet, and when to scale

5.1 Mulukanoor

The two models meet, quite literally, in Mukunoor in Karimnagar district, Telangana. A primary agricultural co-operative society was set up under the greenhouse approach of having village level co-operatives. A multi-purpose agricultural cooperative set up in 1956 continued to serve the members diverse needs as they expanded their livelihoods. With a limited area of operation of 14 villages, the only growth path available for the co-operative was to deepen its engagement with the members. However, being an agricultural co-operative, it excluded non-farmers and women who were not officially recognised as engaging in agriculture.

The Cooperative Development Foundation decided to work in the shadow of the co-operative working with women's thrift groups. The women saved under a rule that savings could be borrowed against but not withdrawn. After a fairly long time, they discovered that the accumulated savings were so large that the loans that the members were taking was less than their savings balances. This was a time for the area to take a major livelihoods leap.

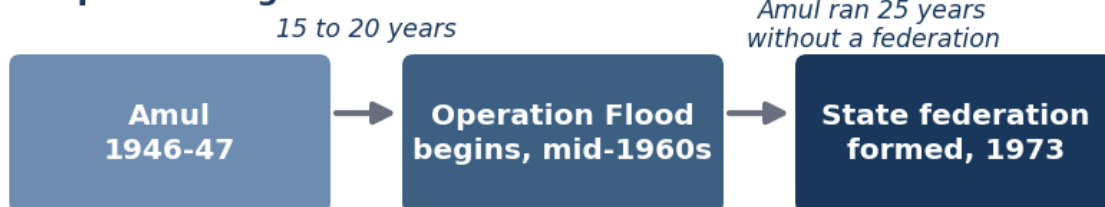
A women's dairy co-operative (blueprint) was set up. This was independent of the savings group. However, there was a large overlapping membership between the savings groups and the dairy co-operative. The group would provide loans for milch animals, and the dairy cooperative would find a market for the milk. A greenhouse process of savings had built the ecosystem that a blueprint needs.

5.2 Time to cook

There is no formula for when a programme should move from pilot to scale, but it must be given time to cook (Figure 1). Amul worked for about 20 years before Operation Flood went national. Amul had no state federation until 1973, and for 25 years it outsourced the marketing of its products to Voltas. The question is how many links in the value chain the programme must own

and how many it can negotiate. The SHG lineage ran from Podupu Lakshmi to six districts to Andhra Pradesh to the nation over 20 to 25 years.

Blueprint lineage



Greenhouse lineage

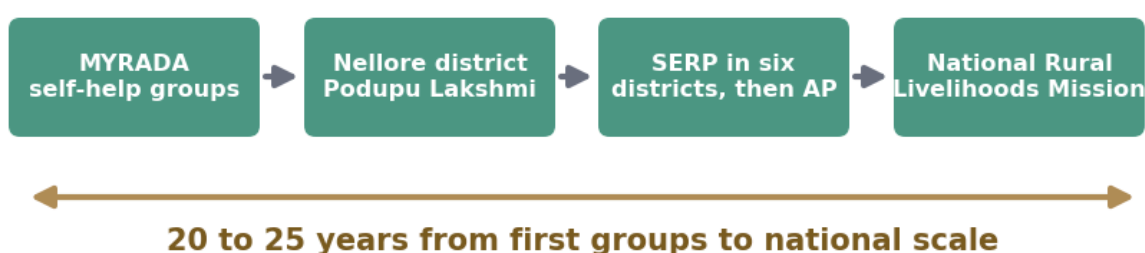


Figure 2. Time taken before scale: the blueprint and greenhouse lineages (schematic of the dates and durations given in the lecture).

A replication will never be as good as the original. Even the best state federations cannot match Amul's systems and processes. The compromise, however, is much better than having nothing.

6. Discussion on the questions

The audience raised questions on nine themes (Table 5). I summarise the kind of question and my answer and expand on the main exchanges below.

Table 4. Kinds of questions posed and my responses

Theme	The kind of question	My response in brief
Credibility of customised programmes	How do you answer officials who say customised planning is slow and that large donor-funded projects produce reports, not impact?	To be convincing, it is important to have programmes show a visual impact. The Civil Society Organisations have mastered the conducted tour, before-and-after pictures and account books. It is important to have visual markers of impact
Inequality	Do cooperatives and SHGs reinforce existing social inequality?	SHGs were designed as affinity groups and therefore cannot have diverse membership within the group. However, the inclusion and integration happens at village organisation level. As far as co-operatives are concerned, they are open to all producers. The value proposition is clear and non-discriminatory.

Theme	The kind of question	My response in brief
State and market	How can the state move from implementation to governance when private firms perform well?	Government and cooperatives are counterweights when markets fail. The test is farmer welfare, not market share.
Digitisation	Does digitisation dilute the SHG spirit?	I have not studied this in SHGs. Where women value their time, missing meetings is fine. Elsewhere, groups give women a legitimate reason to leave the house.

Source: lecture discussion; questioners are not named.

7. Takeaways: Lessons for programme design

These are the lessons I draw from the two programmes.

1. **Keep one clear value proposition.** Operation Flood offered a fair price for milk. SHGs offered financial inclusion. Both achieved wider effects incidentally. Programmes that promise to fix every social problem are judged against all of them.
2. **Subsidise the structure not the transaction.** Operation Flood funded plants, services and research. SERP funded village organisations. Neither handed individuals a free asset.
3. **Protect programme discipline and financial discipline.** The market principle at the level of the beneficiary held both programmes together. Interest freebies such as Pavala Vaddi damaged it.
4. **Give programmes time to cook.** Twenty to twenty-five years separated the first experiments from national scale. Replications will fall short of the original, and that is acceptable.
5. **Own only the links you must.** Amul outsourced marketing for 25 years. The more links a programme can negotiate instead of own, the faster it can scale.
6. **Plan for dilution.** Standardisation, politics and technology will wear down any design. People matter: a chain of committed officers and trained women practitioners kept the SHG programme alive.
7. **Show the impact.** Programmes must be able to show a visible impact, through field tours, account books and before-and-after evidence.

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About the speaker

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