Amul Business Model

Idea In Short

Amul, formally the Gujarat Cooperative Milk Marketing Federation, runs one of the largest dairy cooperatives in the world on a structure that returns most of its earnings directly to the farmers who supply its milk. GCMMF posted revenue of about 65,911 crore rupees in the 2024-25 fiscal year, an 11 percent increase, and the wider Amul brand crossed 1 lakh crore rupees in combined turnover in fiscal 2025-26. The model runs on three tiers: village-level cooperative societies that collect milk from farmers, district unions that process and test it, and a state-level federation that markets and distributes finished products under the Amul brand. This article traces how that cooperative structure, known as the Anand Pattern, channels a majority of consumer revenue back to millions of small dairy farmers, and closes with the nine building blocks of Amul's business model canvas.

Amul began in 1946 as the Kaira District Cooperative Milk Producers' Union, founded by farmers led by Tribhuvandas Patel who wanted to bypass exploitative middlemen controlling milk sales in Gujarat, India. Under the leadership of Verghese Kurien, who joined as general manager in 1949, the cooperative grew into the Gujarat Cooperative Milk Marketing Federation, which now generates roughly 65,911 crore rupees, or about $7.7 billion, in annual revenue.1 The wider Amul brand, which includes turnover from its member district unions, crossed 1 lakh crore rupees in combined sales in fiscal 2025-26.

The Anand Pattern: a three-tier cooperative structure

Amul's organizational model, known as the Anand Pattern after the Gujarat town where it originated, separates dairy operations into three tiers controlled by farmers at every stage. Village-level dairy cooperative societies collect milk directly from members and handle initial quality checks. District milk unions aggregate that milk, test it more rigorously for fat content and cleanliness and process it into finished products. The state-level federation, GCMMF, then markets and distributes those products under the single Amul brand across India and internationally. More than 16 million milk producers participate in this structure through roughly 185,000 village cooperative societies nationwide, making it one of the largest cooperative networks in agriculture anywhere.2

> Farmers control procurement, processing and marketing at Amul, not just the milk they produce.

Farmer-first pricing and revenue sharing

Amul has stated that it returns a large majority of the revenue earned on each product back to the farmers who supplied the underlying milk, a share the cooperative describes as well above typical global dairy industry norms. The federation has also periodically raised its procurement price per kilogram of milk fat, moves it frames as passing rising retail prices back to farmers rather than absorbing them as margin. This pricing philosophy differs structurally from investor-owned dairy companies, where profit flows to shareholders rather than primarily to the farmers supplying raw milk. The approach has helped Amul maintain a stable, loyal supplier base across regions where private dairies compete for the same milk volumes.

The Amul girl and topical advertising

Amul's advertising strategy has centered since 1966 on the Amul girl, a mascot in a polka-dot dress who comments on current events through witty, topical billboard and print advertisements tied to the tagline "Utterly Butterly Delicious." The campaign, created by advertising executive Sylvester DaCunha, is recognized as the longest continuously running advertising campaign in the world.3 Rather than relying primarily on celebrity endorsements or expensive broadcast campaigns, Amul built decades of brand recall through cheap, frequently updated hoardings commenting on cricket matches, elections and pop culture moments. This low-cost, high-frequency approach to marketing kept advertising spending modest relative to the brand awareness it generated.

Product diversification beyond liquid milk

Amul expanded well beyond fresh milk over the decades, launching Amul Butter in the 1970s and entering the ice cream category in 1996, both of which became significant contributors to overall sales. This diversification let Amul capture higher-margin, longer-shelf-life products that reduced its dependence on the perishable liquid milk business, which faces tighter regional distribution constraints. The cooperative now sells cheese, yogurt, paneer, chocolate and packaged foods under the same trusted brand umbrella, using the same procurement and processing infrastructure originally built for milk. Diversification also gave Amul more shelf space in retail outlets, reinforcing its market position against both regional and multinational dairy competitors.

Scale, sponsorship and cooperative governance

In 2006, Amul became the first Indian company to sponsor a sports event when it backed the Indian cricket team's Test series against Australia, a move that reinforced its national brand presence beyond dairy aisles. That same year, GCMMF procured more than one billion liters of milk in a single year, a scale milestone that solidified its position among the largest dairy cooperatives globally. Decision-making at every level remains rooted in cooperative governance: elected farmer representatives from village societies and district unions sit on GCMMF's board, giving milk producers direct influence over pricing, investment and expansion decisions rather than leaving those choices to external shareholders or professional management alone.

Operation Flood and the White Revolution

Amul's Anand Pattern became the national template when Verghese Kurien, drawing on his experience building GCMMF, helped design Operation Flood, a dairy development program launched in 1970 through the National Dairy Development Board. The program replicated Amul's three-tier cooperative structure across India, transforming the country from a milk-deficient importer into the world's largest milk producer by the late 1990s, a shift widely referred to as India's White Revolution.4 This gave Amul a role beyond its own commercial operations: the cooperative model it pioneered became the backbone of India's entire dairy sector, which now supplies milk to hundreds of millions of households through similar federated structures.

International reach and export growth

Amul remains primarily an Indian brand, but it has expanded exports steadily, now shipping products including paneer, curd, flavored milk and ice cream to more than 50 countries across Asia, the Gulf and Africa, largely serving the Indian diaspora abroad. Shipments to the United States grew sharply in the twelve months to May 2025, and the cooperative maintains a dedicated warehouse in Dubai supporting distribution across Oman, Kuwait, Qatar, Bahrain and Saudi Arabia.5 This export growth remains small relative to Amul's domestic scale, but it signals an effort to build brand recognition beyond India ahead of any larger international push.

Key Partners

Amul's key partners include the millions of dairy farmers who supply milk through village cooperative societies, forming the foundation of its supply chain. Suppliers of packaging materials, equipment and processing technology support manufacturing operations at district and federation levels. Distribution partners extend Amul's reach into retail outlets across India, while advertising and marketing agencies help sustain its long-running brand campaigns. Financial institutions support working capital and infrastructure investment across the cooperative network.

Key Activities

Amul's core activities begin with milk procurement from farmer cooperatives, followed by collection, testing and processing at district union facilities. Product manufacturing converts processed milk into butter, cheese, ice cream and other dairy goods. Quality control runs throughout this chain to maintain consistency across thousands of collection points. Distribution, logistics, marketing and ongoing farmer support and training round out Amul's daily operations.

Key Resources

Amul's key resources include its network of dairy farms and the millions of farmer members who supply milk daily. Milk processing plants and manufacturing facilities across Gujarat and other states convert raw milk into branded products at scale. A well-developed distribution network reaches retail outlets nationwide, supported by growing technological infrastructure for logistics and quality tracking. The Amul brand itself, built over decades of consistent advertising, functions as one of its most valuable intangible assets alongside its skilled workforce.

Value Propositions

Amul offers households a trusted, consistently high-quality range of dairy products at prices generally more affordable than premium competitors. Students and younger consumers are drawn to its wide variety of ice cream flavors and indulgent products. Health-conscious buyers can choose from low-fat and low-sugar dairy options within the same product family. Retailers and food service businesses benefit from competitive wholesale pricing and reliable bulk supply, while the cooperative structure itself offers farmers fair pricing and a guaranteed market for their milk.

Customer Relationships

Amul maintains customer relationships through responsive customer service and active engagement with feedback across its retail network. Loyalty programs and promotional incentives encourage repeat purchases at Amul-branded outlets. Community involvement, including sponsorships and rural outreach tied to its farmer base, reinforces its identity as a homegrown, socially rooted brand. Social media engagement has become a growing channel for direct interaction with younger consumers.

Channels

Amul reaches consumers through Amul milk booths and authorized retail outlets spread across urban and rural India. Dedicated Amul ice cream scooping parlors provide a distinct retail experience for that product line. An online store extends its reach to digital-first shoppers ordering for home delivery. Wholesale distribution to supermarkets and general retail chains supplements these owned and branded channels.

Customer Segments

Amul serves households across India seeking reliable, everyday dairy staples like milk, butter and cheese. Students and younger consumers form a significant segment for its ice cream and flavored dairy products. Health-conscious consumers seek out its low-fat and low-sugar product lines. Retailers, small businesses and the food service industry, including restaurants and caterers, rely on Amul for competitively priced bulk dairy supply.

Cost Structure

Amul's cost structure is dominated by the cost of raw milk procured from farmer cooperatives, alongside manufacturing and processing expenses at district and federation facilities. Salaries for its workforce and distribution and logistics expenses across a nationwide network add substantial recurring costs. Marketing and advertising, including its long-running topical campaigns, along with overhead, administrative and regulatory compliance costs, complete its major expense categories.

Revenue Streams

Amul generates most of its revenue from direct sales of dairy products including milk, butter, cheese, ice cream and yogurt through its retail and wholesale channels. Licensing and franchise arrangements let other companies sell products under the Amul brand in exchange for fees and royalties. Contract manufacturing, where Amul produces dairy goods on behalf of other brands, adds an additional revenue stream. Ancillary services, including packaging materials and technical support sold to smaller dairy cooperatives, round out its income sources.

- 1Revenue Of Amul's Parent Firm GCMMF Rises 11 Percent In Fiscal 2025
- 2Anand Pattern Cooperative Model For Dairy Production
- 3Amul Girl Longest-Running Advertising Campaign
- 4India's White Revolution And Operation Flood Explained
- 5Amul Defies Geopolitical Tensions To Secure Record Dairy Exports

Summary

Amul's business model demonstrates that a cooperative structure can compete with, and often outperform, investor-owned dairy companies when farmer incentives are aligned with brand success. By returning a large share of consumer revenue to the millions of farmers who supply its milk, GCMMF has sustained loyalty and reliable supply across decades of growth, even as the organization expanded into ice cream, cheese and packaged foods far beyond its original liquid milk business. Its advertising, anchored by the Amul girl mascot running since 1966, built brand recognition that a purely industrial dairy company would have struggled to match on cost alone. The model's main limitation remains geographic: Amul's cooperative structure and farmer network are concentrated in India, slowing international expansion compared with multinational rivals that run more centralized supply

chains. Whether GCMMF can replicate the Anand Pattern's incentives outside India will determine how far its next phase of growth extends.