

Commodity aid for dairying

Threat that was converted into opportunity

THE days of the milk vendor, peddling around adulterated milk and holding the consumer to ransom are clearly over. The consumer has been delivered from the clutches of the vendor who never hesitated in milking his customer. The cooperativised Indian dairy industry has grown in rapid strides and is poised to enter the third phase of the Operation Flood series, the pattern itself stimulating production to such a state that the era of milk surpluses has surfaced. It is the fastest growing dairy industry in the world.

Even as this industry is on the threshold of Operation Flood III, replicating the Anand pattern country-wide. In at least eight States including Kerala, Karnataka, Punjab, Rajasthan, Maharashtra and parts of north Gujarat, milk producers are being turned away since there is just not enough processing facilities to cope with the flow, says Dr. V. Kurien, the father of the industry, Chairman of the National Dairy Development Board and the Indian Dairy Corporation.

If possible, he would like milk production, which was 38.7 million tonnes in 1984-85 and estimated around 41 million tonnes the next year "hopefully stabilises for a year or two. It is only because marketing was not given sufficient importance...distribution...processing." This is a sort of hiccup but the growth in output during Operation Flood I and II has been significant and constant. And the country is on the threshold of Operation Flood III, the managers fully confident that they can cope with the future with the same zeal.

Commodity aid

Dr. Kurien, whose identification with the Indian dairy industry is so complete and personal that he calls himself "the number one bull in this country," has proposed that the commodity aid from the European Economic Community segment which with another tranche of a loan of around \$150 million from the World Bank would bankroll Operation Flood III as in the earlier phase, "could be cut to less than half from 35,000 tonnes to about 15,000 tonnes of skimmed milk powder."

This view—already the proposal that the quantum of commodity aid be reduced by more than half has been made—has surfaced around the time when a campaign has been launched in the Netherlands by an organisation calling itself "India Committee of the Netherlands" which has asked in its manifesto that EEC milk be kept out of India. This committee has sought phasing out of dairy aid to India within two years, objected to dairy aid that would promote bottle feeding of infants and demanded withdrawal of aid for cross-breeding with exotic breeds.

When asked for his responses to these demands, Dr. Kurien told THE HINDU that he "resents" being asked about demands made by people "whose credentials are not known to me." He says that the brochure circulated worldwide by this committee is based on "wrong facts, not in consonance with the true situation prevailing in India" and is by "people who do not know what dairy industry is". He would like not to have any importance attached to "this pamphlet" but spoke broadly on principles of commodity aid for development.

Touch of racism

"These are just about 50 long haired people" and Dr. Kurien feels that there is a touch of "racism" involved. The "white man still thinks he knows what is good for India and the Indian dairy industry." When Queen Beatrix and Prince Claude recently visited Anand, the subject of this campaign came up and they told Dr. Kurien—particularly Prince Claude—that they are a small group of people who make a lot of noise. "They are like the Ban the Bomb groups" he was told. This group has been mailing the "manifesto" of their campaign widely and some Indian institutions have become nodal

points for retransmission within India.

According to Dr. Kurien, commodity aid is a "great help" since in his bid to hand over to the farmers themselves the State Government-run milk schemes, he needed finance and since his intent was to "free the schemes from the clutches of the bureaucracy", it was impossible to get funds from State Governments. Even a Chief Minister would agree, but funds would not come from the civil service. "I wanted to reduce the profile of the bureaucracy, give dairying back to the farmers and into their control." Thus commodity aid, objected to by their "campaign", would boost the swift burgeoning of a new phenomenon.

Funds were needed on a massive scale to clone Anand type schemes. State budgets would invariably lead to strings and anyway they had several demands on resources. But now to replicate more and more of Anand's, he thinks less than half of the EEC aid would do, and "it is possible, yes, we can even do without" the commodity aid. Not only has it helped by becoming a "secret tank" to balance the production and demand of milk in lean seasons but acted as a powerful tool since "it was given to those who are farmers" and not other interests. The stimulation led, from (1978-79) a production growth of 59.6 million tonnes to an anticipated 120 million tonnes in 1985-86. From 1971, the lowest import was 18.6 million tonnes in 1975-76 and a peak 56.6 million tonnes in 1981-82.

Interest interwoven

Prima facie, the India Committee of the Netherlands (ICOL's) contention that dairy aid as a commodity aid has depressed the local milk price for producers is not based on an understanding of the prevailing situation. Whether the increases given to the milk producers is just to keep pace with the erosion in the value of the rupee or beneficial in real terms is another question. "The interests of the consumers", with which the interests of the producers are "closely interwoven" have also been kept in view.

While inquiries have been made by the NDDB with Indian missions in EEC countries about this group, the name and background of another has come to light. Mr. K. R. Biswas First Secretary in The Hague, wrote to Mr. N. K. Chawla, Counsellor-cum-Chief (Overseas Coordinator, IDC), Brussels that an "India Work Group" based in Utrecht is an extreme leftwing marxist group whose views on India are broadly that India is run by monopoly capital and that Dutch aid to this country benefits only such sectors.

In his letter dated January 30, 1986, he narrated how he met the Dutch Foreign Office and how "they are countering the campaign". "According to them, no Dutch member of the European Parliament supports this campaign, atleast definitely or actively. Some people might be contributing some money to the India Work Group for their publications". While Dr. Kurien treats this with disdain, other officials of the NDDB are uncertain if the ICOL and the Work Group are the same or two organisations whose identities are mixed up. Both are Utrecht-based.

Fascinating results

The focus of the attack by the "EEC milk out of India" campaign is the food aid with which dairy plants were built and Anand pattern dairy cooperatives built countrywide. Today under Operation Flood four million farmers have been banded together in about 40,000 cooperatives in as many villages and 150 district level units have been functioning at State levels. And Dr. Kurien's concern is at this focus. To him, this attack has come—whatever the origin—because "we used the commodity aid in a brilliant manner, made our country self-sufficient." Every year 5000 more cooperatives are getting added to the list.

He recalls how a New Zealand Minister visited the Anand headquarters and later

told the Prime Minister, Indira Gandhi that the results were fascinating but that the Anand concept had "destroyed the largest market" for overseas dairy products in India. The issue stems mainly from the fact that commodity aid has not been used as a one-time succour by the NDDB but as an investment in dairy development in the country. Now, Dr. Kurien says, "I can see only 15,000 tonnes of aid" for Operation Flood III "even if more is available". But the need for atleast \$150 millions aid is also there.

Permanent market

Why is it that import—including aid—of edible oil has not come for attack? Why is it restricted to the commodity aid to India? Because, the attempt is at giving "a bad image to Government-to-Government aid", wanting non-Government organisations to play the role. "They want to give away aid with the aim of playing Jesus Christ" he asserts. The "dishonourable intent of these groups" is that they want a permanent market to be stimulated for the developed countries in the developing countries.

There is no objection to the "give away aid". As Dr. Kurien emphasises, the hungry like those in the African countries have to be fed "But that does not solve the problem". Food aid for investment in dairy development was accepted "on our terms not because they gave it, but because it suits us". India has now entered that satisfying phase where the intent is to reduce the quantum of that aid. If food aid is not to depress the local producers' price, then the consumer of the food aid must pay for it approximately equal to the price he would pay for remunerating a farmer's output.

Fake factories

In the early 1970s when India complained against being used as a dumping ground, it was told that beggars cannot be choosers. The NDDB intervened finally and rejected such aid. A little later in the mid-70s, when the investment in dairying through commodity aid was getting into high gear, there was decline in supply, albeit temporary, of the aid. It was clearly stated by him at the Paris session of the International Dairy Congress that commodity aid should be totally divorced from any commercial motive. The intent, primarily and exclusively, should be to make the developing countries self-supportive.

But today, "these men are feeling guilty about their past", Dr. Kurien says, because India developed actively. For instance, when canalisation of imports of skimmed milk powder started, imports—paid for, not aid—were the order of the day. And havoc was being wrought on the market place, in Karnataka alone, as many as 276 babyfood factories were found registered but investigations showed that they were fake, most of them with import licences and their shingles were letter heads. Imports for them were around Rs 1 crore. "I had to ask for a CBI probe."

Totally indigenous

Now that kind of game is not allowed anymore in the dairy sector. Even major milkfood and other dairy manufacturers were unhesitatingly told to reduce their import content and start buying from the milk cattle owners around their plant and progressively their import quotas were cut. "Why is it that," Dr. Kurien asks, "there is protest against our schemes and none questions Philippines for sustaining itself on 98 per cent milk imports? Practically, every dairy product in Pakistan is imported. In Indian shops, the dairy products are now totally indigenous."

The Indian experience of using commodity aid as an investment in development received such favourable response that Pakistan asked the World Bank that Dr. Kurien should be on the team that visited the country to suggest options for that country. China has now decided to adopt in toto the Anand design. It will use 40,000 tonnes of

dried skimmed milk and 13,330 tonnes of butter oil from the World Food Programme to replicate Anand, the commodity aid coming over a period of five years.

In the Indian experience, commodity aid had its significant importance, and "even today, it has marginal importance." Now the surpluses are so substantial, that an internal resource of 30,000 tonnes of milk powder has been acquired by the IDC. Cross-breeding has not been the main thrust of the programme aimed at stimulating milk production. According to the NDDB argument, a market—and an organisation run by the farmers—is stimulant enough. As Dr. Kurien puts it, an Indian cow has low productivity. It is three-fourths litre a day. "You give it some good water, it yields one litre. Talk well to it, it is one and a quarter litre. A handful of good grass, and then it is one and a half litres."

Crossbreeding

Thus, the milk yield can be doubled and has been doubled. If crossbreeding has been resorted to, it has been selective, where non-descriptive breeds have proliferated. Crossbreeding has not been the NDDB thesis. It has merely followed the recommendations of the National Commission of Agriculture and this policy is "older than the NDDB". This is followed by the NDDB as "an agency of the Government" and not for any other reason. But conceding the demand for stopping crossbreeding would be taking away all the instruments for dairy development.

Indian breeds—the Tarparker, the Sindhi, the Gir varieties—are all good breeds but they need some concentrated work for about fifty years. In Kerala, careful culling and breeding has led to tremendous surge in milk yields. Besides, in India, more than half—Dr. Kurien puts it at 55 per cent—of the milk production is due to the Indian buffalo. Dependence totally on crossbreeding alone is a slow maturing scheme and the NDDB has not made it a single-point approach. But in 1984-85, 13.3 lakh artificial inseminations were recorded.

Even as the country got out of the tyranny of the milk card system, and the dairy industry became not only totally Indian in every way with commodity aid and soft loans and made farmers economically well off, criticism was levelled at the IDC, NDDB and the Anand pattern by even Indians without "full facts", says Dr. Kurien and describes it as "carping. Today—and in recent years—the Indian dairy is the largest and fastest growing dairy industry."

Commercial imports

It was understood that commodity aid be perceived as an exchange of the donors' present productive assets in return for access to the future productive assets of the recipient. But in trying successfully to do this, "we did not make friends." And never during the entire tenure of the Operation Flood programmes has India allowed flow of butter oil and milk powder into the country at levels that were higher than what was imported commercially. Today, nothing is commercially imported. Why is Sri Lanka not criticised for importing? Is it because it is commercial imports and not dairy aid?

Indignant questions are posed by him in a flurry. But he concedes that in managing commodity aid, "we may have made mistakes: we are not Gods. But we are neither crooks." At the start of the Operation Flood, the NDDB had pointed out that India should not accept charity in the form of food aid because it would be dangerous, merely stimulating a market within the country without stimulating production. And what came, came mainly because it was surplus in the donor-country. This threat of dumping dairy products or stimulating a market for overseas dairy products was "converted into an opportunity, whatever was the motive for the giving of the aid."

Mahesh Vijapurkar