

A soured revolution

OPERATION FLOOD, described as India's White Revolution to bring milk to the masses will not recede after all. After a year of uncertainty and controversy, it has been decided that the phase III of Operation Flood which began tentatively last year will continue till 1994 but under strict conditionality to ensure that it serves India's interests.

Europe has a surplus of dairy products. Beginning 1970 the European Community (E.C.) has been dumping its surpluses (skimmed milk powder and butter oil) in India to help it overcome immediate shortages before expanding its own dairy output. Action groups in Europe have been opposing aid in kind because it depresses the income of the less privileged dairy farmers and distorts its socio-economic priorities by subsidising the urban consumer while making milk relatively costlier for the rural poor, promoting the baby food industry and discouraging breast feeding and the like.

A more serious point of criticism is that a primary producing country like India was importing milk products while exporting animal feed needed for its own cattle. Thus the affluent West was getting cattle feed from the Third World for its high-yielding cattle in return for its surpluses which cannot be sold anywhere. It is reminiscent of India's PL-480 foodgrain imports from the United States which was a give-away (only shipping costs charged), the sole alternative being the destruction of the surpluses. Grain and other food imports gave India an administrative and policy cushion until the Green Revolution took over.

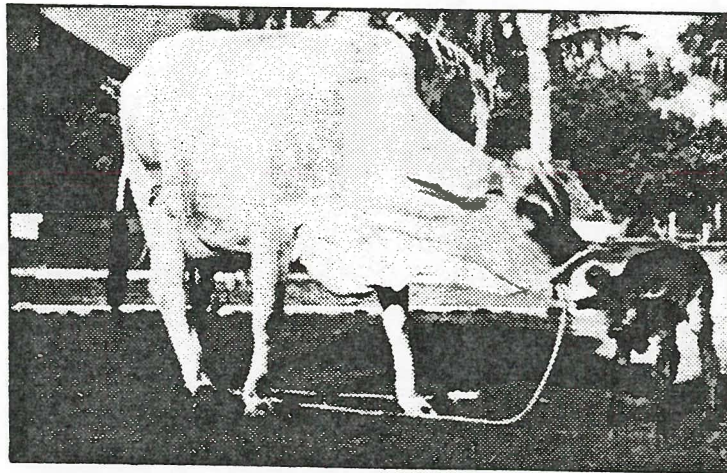
INSIGHT

On the eve of an agreement on phase III of Operation Flood, Mohan Ram says that one of the main problems of the project is that instead of helping to phase out milk imports it continues dependence on imports

skimmed milk powder diverted to manufacture of baby foods. Skimmed milk powder cannot be used except for reconditioning into liquid milk without the clearance of the Commission.

The E.C has lent direct and indirect support to the promotion of bottle feeding in India. Though direct use of skimmed milk powder to manufacture baby food is banned in India there has been some amount of quiet diversion. Dairy aid has enabled co-operative plants to use about half the indigenously produced milk powder to manufacture baby food because donated products filled the gap in a city's milk supply.

In addition, Operation Flood has placed a premium on cross-breeding of cattle on a large-scale, thereby shifting the focus away from local breeding or genetic improvement. But the agreement to be signed emphasises buffalo improvement un-



A cross-bred calf in Gujarat: Operation Flood puts premium on them

It could be debated for a long time whether Operation Flood I and II really helped India's self-sufficiency in milk or hindered it. But it helped keep the volatile urban consumer happy by keeping the price of milk low while depressing the income of the dairy farmer especially the marginal one. But the European Commission, the executive body of the E.C. says that Operation Flood-III will allow India to become "totally self-sufficient" in 1994. But the average annual increase in milk production of the selected Operation Flood producer (pampered like the Green Revolution farmer) will not be more than 1.5 per cent while the demand for milk would probably rise by 4 to 5 per cent. So it is logical to conclude that Operation Flood, instead of helping phase out imports, is dependent on imports. Even commercial (non-gift or unsubsidised) imports might become inevitable. Continuing dairy aid for the next seven years can only add to the problem in the long run by expanding the capital-intensive dairy farming sector while the E.C. creates a market for itself and other Western dairy exporting countries. The target for self-sufficiency in milk has receded

from 1975 to 1985 and now to 1994.

All the same, there are several positive aspects to the new terms governing aid to Operation Flood III. The agreement that the E.C. is to sign with India (hopefully by the end of March) would bring 75,000 tonnes of skimmed milk powder and 25,000 tonnes of butter oil for Operation Flood III. (The supplies had begun in 1987.)

In addition the World Bank will support the operation with a loan in dollars to cover about half the total project budget which is US \$700 million. In addition the operation will be finalised in rupees with funds generated by dairy aid and with the existing resources of the National Dairy Development Board.

But skimmed milk powder recombined into liquid milk would not be allowed to depress prices for the producer because parity has to be maintained with the price of indigenous milk.

The required amount of dairy aid has to be reviewed every year so that there is no dumping to the detriment of the small dairy farmers' interests.

The implementation of Operation Flood III would be strictly monitored to ensure that butter oil is not sold as edible oil or

der Operation Flood III. Large scale cross-breeding of cows would reduce the availability of suitable draught animals and need a lot of concentrate feed which is in short supply in India. Ironically India already exports a million tonnes of oil cake per annum (about a third of the quantity extracted nationwide from oil seeds) largely to feed over-productive European cattle. If these exports are stopped India cannot produce 20 to 30 times more milk than the average quantity it would import annually under Operation Flood III.

The E.C. has also realised that some of the targets of Operation Flood II about coverage of farmers were unrealistic.

It wanted to enrol ten million milk producing farmers as co-operative members by 1985 but Operation Flood III aims at a more realistic seven million by 1994. At the moment it is just 4.7 million members in 4,700 co-operatives.

Action groups have been demanding that the emphasis of Operation Flood shift in favour of the poor and the weaker sections. In the light of fodder and capital needs, the large-scale producers have the real advantage as in the case of agriculture.