



Dairy Sector & Opposition to Free Trade

For Prelims: Regional Comprehensive Economic Partnership (RCEP), White Revolution

For Mains: India's Dairy Sector Opposition to RCEP, Importance, challenges, solution pertaining to Dairy Sector.

Why in News

According to some experts, India's withdrawal from the [Regional Comprehensive Economic Partnership \(RCEP\)](#) is a major victory for the **farmer's organisations, trade unions, associations of small and medium industrial producers.**

- Similar views are also shared by the [Indian Dairy Sector](#), who opposed free trade in dairy products.
- RCEP is one of the world's largest trading blocs, signed between 15 countries (China, Japan, South Korea, Australia, New Zealand and the 10-state [ASEAN grouping](#)). India pulled out of RCEP negotiations in 2020

Key Points

- **India's Dairy Sector Opposition to RCEP:**
 - Some of the **major players in the global milk trade like Australia and New Zealand** are in the RCEP agreement.
 - Over the last 25 years, Indian policy has **consciously encouraged the growth of private milk companies.** At present, these firms are forced to buy milk from Indian farmers.
 - The reason is that the applied tariff for **foreign dairy products in India is about 35%.**
 - The bound tariff would have **fallen to zero if India had signed RCEP.**
 - It would have then been far more profitable for firms to import milk from New Zealand or Australia rather than buy it from Indian farmers. **Hence, India was in the opposition to the agreement.**
 - Moreover, there is no foreseeable future where India would be milk deprived. According to [NITI Aayog](#), **India is likely to be a milk-surplus country by 2033.**

Note:

- The [World Trade Organization \(WTO\)](#) allows a country to fix tariffs up to a certain maximum; or bound tariff, for a given commodity line.
 - On the other hand, the RCEP binds countries to reduce that level to zero within the next 15 years.
 - The maximum tariff in a product category is called the **bound tariff rate.**
 - However, the tariff rates differ across products and across countries. The actual tariff rate is called the **applied tariff rate.**

White Revolution 1970

- The White Revolution in India was the brainchild of [Dr Verghese Kurein](#).
- Under him many important institutions were established like the Gujarat Cooperative Milk Marketing Federation Ltd and the [National Dairy Development Board \(NDDB\)](#).
- The bedrock of the revolution has been the village milk producers' cooperatives. Their major role during **Operation Flood**, was seen as **engines of growth**.
- Policy has also favoured the **entry of multinational dairy corporations** into the Indian dairy sector, through joint ventures: mergers and acquisitions.

India's Dairy Sector

- **Importance of Dairy Sector:**
 - **Labour Intensive Sector:** In the farm-dependent population comprising cultivators and agricultural labourers, those involved in **dairying and livestock constitute 70 million**.
 - Moreover, in the total workforce of **7.7 million engaged exclusively in raising cattle and buffalo, 69% of them are female workers**.
 - **Contribution in Economy:** In the [Gross Value Added \(GVA\)](#) from agriculture, the livestock sector contributed 28% in 2019-20.
 - A growth rate of 6% per annum in milk production provides a great support to farmers, especially during drought and flood.
 - **Helping Farmers During Calamities:** Milk production rises during crop failures due to natural calamities because farmers bank more on animal husbandry than.
- **Associated Issues:**
 - **Invisible Labour:** Farmers keep **two to five in-milk animals for livelihood**. In this setup, **unpaid female family labour** supplies a major part of the labour requirement for milk production.
 - The landless and marginal farmers among them have no livelihood options to fall back when they fall short of buyers for milk.
 - **Informal Nature of Dairy Sector:** Unlike sugarcane, wheat, and rice-producing farmers, cattle raisers are unorganised and do not have the political clout to advocate for their rights.
 - **Lack of Remunerative Pricing:** Though the value of milk produced outweighs the combined value of the output of wheat and rice in India, there is no official and periodical estimate of the cost of production and [Minimum Support Price](#) for milk.
 - **Negative Impact of Economies of Scale:** Even though dairy cooperatives handle about 40% of the total marketable surplus of the milk in the country, they are not a preferred option of landless or small farmers.
 - This is because more than 75% of the milk bought by dairy cooperatives is at its lower price band.

Government Initiatives Related to the Dairy Sector

- **National Action Plan on Dairy Development 2022:** It seeks to increase milk production and double the income of dairy farmers.
- [National Animal Disease Control Programme & National Artificial Insemination Programme:](#) It was launched to control and eradicate the Foot & Mouth Disease (FMD) and Brucellosis amongst the livestock in the country,
- **Pashu-Aadhar:** It is a unique ID on a digital platform for traceability for the animals.
- [Rashtriya Gokul Mission:](#) It was launched in 2019 for setting up of 21 Gokul Grams as Integrated Cattle Development Centres.

Way Forward

- **Increasing Productivity:** There is a need to increase the **productivity of animals**, also ensuring **better health care** and **breeding facilities and management of dairy animals**. This can reduce the cost of milk production.
 - Also, milk production and productivity can be enhanced by ensuring the availability of **veterinary services, Artificial Insemination (AI), feed and farmer education**.
 - The Government and dairy industry can play a vital role in this direction.
- **Augmenting Production, Processing and Marketing Infrastructure:** For India, to emerge as a dairy exporting country:
 - It is imperative to develop proper production, processing and marketing infrastructure, which is capable of **meeting international quality requirements**.
 - Further, to address the infrastructure deficit in rural areas and address the power shortage, there is a need to **invest in solar powered dairy processing units**.
 - Also, there is a need to strengthen dairy cooperatives. In this pursuit, the government should promote [farmer producer organisations](#).

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