



Operation Greens

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This article is based on **“Time to TOP up”** that was published in The Indian Express on 14/10/2019. It talks about steps to kickstart Operation Greens.

Recently, the onion and tomato retail prices saw a steep rise, forcing the government to take steps like the imposition of a minimum export price or applying the stocking limit of the Tomatoes-Onions-Potatoes on the traders.

However, these steps are a knee-jerk reaction, as they try to control the price of Tomatoes-Onions-Potatoes (TOP- the three basic vegetables that face extreme price volatility) and also deprive farmers of the remunerative prices.

In order to curb such price volatility, the Government announced Operation Greens in the Union Budget 2018-19, but it is marred by slow progress.

What is Operation Greens?

- “Operation Greens” was announced on the lines of “Operation Flood”, to promote **Farmer Producers Organizations**, agri-logistics, processing facilities for integrated development of Tomato-Onion-Potato (TOP) value chain.
- Development of the TOP value chain will ensure that a higher share of consumer’s rupee goes to farmers and stabilize their prices.
- The scheme is being implemented by the Ministry of Food Processing Industries.
- The idea behind Operation Greens is to double the income of farmers by the end of 2022.

Operation Flood

- Operation Flood was launched in 1970 by India's National Dairy Development Board (NDDB). It is also known as the White revolution.

- India's Operation flood was the world's biggest dairy development program which gave a major thrust to the milk production, helping India to become the largest producer of milk in 2016-17.
- Operation Flood promoted AMUL model, which is based on large procurement of milk from farmers' cooperatives, processing, storing of excess milk in skimmed milk powder form during the flush season and using it during the lean season, and distributing milk through an organised retail network.

What are the issues in Operation Greens?

- Milk does not pass through any **APMC markets**, thereby it bypasses the layers of mandi fees and commissions. Thus, milk farmers normally get 75-80% of the consumer's rupee.
- However, TOP are mostly traded in APMC markets, due to this farmers get less than one-third of the consumer's rupee.

According to an ICRIER-NABARD study on "Deconstructing Value Chains of Tomatoes, Onions and Potatoes", it is estimated that the farmer's share is only 32.1%, 29.1% and 26.6% of a consumer's rupee for TOP respectively.
- Moreover, the volatility of the price is very high in TOP with a coefficient of variation of 52%, onion is the most volatile, followed by tomato 47% and potato 31%.
- Unlike milk, the TOP are grown in different climatic conditions and in different seasons, making marketing intervention (processing and storage) all the more complex.

Way Forward

Stabilization of retail prices of TOP and ensuring a higher share of the consumer's rupee to farmers can be achieved by the following steps:

- Operation Greens needs to be backed by **creating an institutional setup** like the National Dairy Development Board (NDDB) was created for Operation Flood.
- Price volatility can be checked by increasing **processing-to-production share**.
 - Processing-to-production share is the ratio of food processed against total food produced. More the quantity of processed food available, lesser will be the shortages and hence the price volatility will be more under control.
 - Currently, processing-to-production share is 7% for potato, 3% for onions and 1% for tomatoes.
 - India needs to have time-bound targets to process and export at least **10-15% of TOP production**.

- Ample storage for buffer stocks for TOP has to be created. However, repeated stocking limits on TOP traders **discourages private investments in modern cold storages.**
 - The impetus to large private investment in cold storages can be provided by **repealing the Essential Commodities Act (ECA)**. ECA places restrictions on the movement of produce, stockholding, pricing and adoption of new technologies.
 - The dismantling of such controls under ECA and other regulations would expand trade and lead to better realisations for cultivators.
- Since buffer stocking for tomatoes is not possible, processing remains the only solution.
 - The government can reduce the GST for tomato food processing from 12% to 5%, as most milk products attract 0 to 5% GST.
- To propagate the use of processed products (tomato puree, onion flakes, powder) among urban and bulk consumers, the government should run campaigns in association with industry organisations, as was done for eggs.
 - The National Egg Coordination Committee (NECC)'s campaign: 'Sunday ho ya Monday, Roz Khao ande.' led the Indian society to prioritise nutrition over tradition.
- The direct buying by organised retailers from farmer producer organisations (FPOs) through contract farming, bypassing the mandi system, should be encouraged.
 - Like dairy cooperatives, TOP cooperatives and retail outlets like Safal across the country should be opened.
 - Setting up of private mandis for better efficiency can be encouraged.
- These reforms and investments can be undertaken on a public-private partnership (PPP) basis.

Drishti Mains Question

Discuss the issues that act as a roadblock in the path of Operation Greens. Also, enumerate the steps that can be taken for its success.