

**Can we make Indian dairying RCEP ready : A fast forward approach**  
Dairy blog with 96<sup>th</sup> edition of dairy pulse ( Oct 16<sup>th</sup> to 31<sup>st</sup> 2019)

Nov 6,2019

Dear friends,

Last fortnight two major events took place. The whole country celebrated Diwali on one hand and the capital got smog-ridden on the other hand. Hope all of you had a happy and blissful Diwali with your near and dear ones.

It was quite an eventful fortnight for the dairy sector also with IFCN organizing its regional workshop on "Dairy 2.0" at Bangaluru.

IDA Gujarat Chapter also organized a full-day program on consumer awareness on "Analogues: A consumer Dilemma " at Ahmadabad

Finally, on Nov 4th, India refused to accept the current format of RCEP agreement and did not sign. It shows that the efforts of various organizations like AMU, NDDDB, IDA, ministries, farmer groups, and so many other stakeholders did not go waste. I think it is for the first time that dairy as a sector got so much attention in Indian media. **I would like to specially mention the relentless efforts of Sh R S Sodhi for letting the government listen to the voice of 100 million dairy farmers.**

As such this news of India not signing RCEP should have been part of our next edition, but I better thought to make it part of this edition so as to start discussions on the questions being raised in the last edition.

It is true that signing RCEP in its current format would have been a sure shot "no go" for Indian dairy farmers. Even a 5 % diversion of New Zealand's dairy exports to India would have been equal to 28 % of our organized sector production of SMP, Cheese, AMF, butter, etc and that too at cheaper prices.

The threat was that our dairy production is not competitive.

Current events at RCEP has created a good benchmark for Indian policymakers to create a vision of various sector like dairy, automobiles components, electronics, etc. We simply need to answer the following question.

## **What measures must be taken in the dairy sector so that India could sign FTA at the RCEP level?**

Now these measures may further be divided into three major areas of

- a. Milk production ( dairy farmers level)
- b. Milk collection ( Cold chain and aggregators level), and
- c. Milk Processing ( at Processors level)

### **We also need to understand what is stopping us to compete?**

- a. Is it small and marginal farm holdings leading to lack of scale and thus higher cost of production of feed, fodder, milk, etc?
- b. Is it a lack of awareness of best practices at the farm/ supply chain/ processing level to get a high quality product at a lower cost?
- c. Is it a lack of industry infrastructure and an optimum ecosystem for milk handling by the industry ( both public and private)?
- d. Is it a lack of level playing field for the public and private sector? (**When a state federation gives subsidy to their registered farmers as well as sells their milk at a lower price in the market at which private players could not compete? Isn't it a situation similar to New Zealand bringing their low costs products to Indian markets and forcing all players to suffer ?**)
- e. Are some of our policies creating an extra burden on dairy farmers in terms of the high cost of milk ( unproductive and stray animals)?
- f. Are our policies really conducive to developing and supporting large farms to produce high-quality milk at competitive rates so as to make high-quality products at a reasonable price?
- g. Are we ready to implement necessary land reforms for easing out contract farming for feed and fodder in a big way?
- h. Are we really serious in people getting skills developed for better farm and dairy practices? (**We have not even removed 18 % GST for such training**)

**There are so many questions to be answered before we actually make our industry future-ready. We have not yet come out of Mahatma Gandhi Ji's philosophy of " Mass production is production by masses " . That is why small and marginal farmers are always the focus of any rural development scheme. I think in the late sixties the question of Shastri Ji for making the Amul model successful in all the states was very relevant.**

**In current times I think he would have asked if we could make all Cooperatives a Corporate?**

**Let us start thinking in this direction and develop a scenario in the next 3-5-7 years when other countries would be rather afraid of Indian dairy products flooding their markets.**

Happy e-reading

with best regards

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