

MAKING THE MOST OF OUR RURAL POPULATION'S POTENTIAL PRODUCTIVITY*

By

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Dr. Swaminathan, President of the Indian Society of Agricultural Statistics, distinguished guests and Members of the Society:

It is a great honour to be invited to deliver the Dr. Rajendra Prasad Memorial Lecture. For Dr. Rajendra Prasad was in the forefront of the leaders of the independence movement who understood that our rural population will be truly free only when they are freed from the bondage of the money-lender, the middle-man and the landlord. His early understanding of rural exploitation helped to give the independence movement a special significance to the people in our villages.

I well remember his visiting our first little co-operative dairy at Anand in the very early 1950's. It was actually a 'Government Experimental Dairy' which the Government had handed over to the co-operative (and very wisely, too—but that's another story). Dr. Rajendra Prasad clearly saw how different things could be, if the milk producers' were actually to *own* their own processing and marketing facilities. His keen interest communicated itself to the producers. That such a great man could come all the way to Anand was surprising—that he should so keenly espouse the producers' cause was, to them, quite amazing. And, to me, inspiring.

To deliver a lecture worthy of Dr. Rajendra Prasad's memory is a daunting task.

The task appeared to me all the more daunting when I considered the fact that this lecture was to be delivered at the 34th Annual Conference of the Indian Society of Agricultural Statistics.

*Dr. Rajendra Prasad Memorial lecture delivered at the 34th Annual Conference of the Society, on 23rd December, 1980 at Lucknow.

For I am no statistician. I was originally an engineer—and have for some years been a manager, employed by farmers.

So, Mr. Chairman, I shall not even pretend to talk about agricultural statistics, which I do not know—but rather, during the next thirty minutes, or so, with your kind permission, I plan to talk about the people *behind* the statistics, our rural population, which I have worked for during the last 30 years or so.

Why is it that the rural poor remain poor—while many get relatively poorer—despite the efforts and investments made by the official and quasi-official apparatus for rural development? One reason, I believe, is the way that Governments, and their Corporations, often try to do the job themselves of procuring, processing and marketing agricultural products. The public sector is insensitive to people's needs. Pre-occupied as it is with the whims of its lords and masters above, with 'audit' ever at its elbow and with rules and regulations impeding every step of the way—how can we expect the public sector to be sensitive to the needs of poor people—especially the needs of poor people?

Thus it is that the public sector gets into the business of procuring, processing and marketing an agricultural product, with the declared intent of 'helping the rural producer, especially the small farmers'—and it gets into a jam. So-called 'farmers' leaders' appear—and, soon, they and the farmers are 'demanding' higher prices: naturally, as they have no responsibility for *selling* product... Hence, the 'farmers' agitations,' which leave the poor as poor as ever.

It stands to reason that there must be better ways of doing these things. Probably, there are several ways and we already know of one that works for sure: that is, what has come to be referred to as the 'Anand Pattern,' the pattern developed by India's dairy co-operatives.

In the Anand Pattern, the rural producers continue to own and tend their milch cows and buffaloes as before. At the same time, through the Anand Pattern, the producers jointly acquire ownership of the dairy plant which processes their milk, as well as the organisation which markets the output of their dairy plant: fresh liquid milk, ghee, butter... all those utterly butterly products which I am sure you all consume avidly!

If that sounds like a 'plug' for the brand of dairy products with which I am associated (as an employee of the Gujarat Co-operative

Milk Marketing Federation) . . . well, I suppose it sounds like a 'plug' because it *is* one !

Do forgive me, Mr. Chairman—but I made it with a purpose: the Amul brand name has scored repeatedly, in many market tests, as the best recognised consumer-goods brand name in the Indian market. It is now the property of 8,25,000 rural milk producers and their families, most of them landless people or small farmers. And it sells Rs. 125 crores of product annually: that is a daily average of almost 3.5 million Rupees.

That is the kind of thing which we ought to be meaning when we talk about 'producer-oriented policies' or 'professional rural management' . . .

I dislike speaking abstracts—I don't see myself as a lecturer, at all, in fact—so, rather than talk about 'policy' and 'management' in the abstract, I will explain how the milk producers, through their Anand Pattern Dairy Co-operatives, were able to make policy and use professional management in order to create that valuable brand name, '*Amul*.'

First of all, the policies of the Anand Pattern Co-operatives are set by their Boards of Directors, most of whom are the elected representatives of the milk-producer members. Each of the Boards has, as one of its duties, the recruitment of a professional manager who shall be its Chief Executive—and that Chief Executive's responsibility is to get the Board's policies executed.

So it was a *combination* which brought about the Amul brand name: when producers who are making their own co-op's policies combine with professional managers who get those policies carried out, then that can be a very effective combination . . . It is not always easy. Sometimes, it fails. I shall mention some difficulties and failures shortly—but I want to first concretise the concept of 'producer-oriented policy making.'

The best way to ensure that policies are producer-oriented is to let the producers make them. The best way to get those policies implemented is to enable the producers to employ their own professional managers to get them implemented: as employees of farmers, we are of course going to be sensitive to their needs; we are certainly going to see that we help them to build up their markets efficiently—and we are going to deploy the best technical people in the business, to make sure that our farmers get access to modern science and technology. (I do *not* believe that 'appropriate technology' is second-hand, second-best, hand-me-down technology, designed to

keep our agricultural sector at a comparative disadvantage with the more industrialised countries).

To the professional manager of an Anand Pattern Co-operative, getting members access to modern science and technology is not an abstract task. It is as concret a job as developing a brand name. Again, it can be concretely illustrated : Amul (the first of the Anand Pattern Co-operatives) first acquired a dairy plant which was equipped only to pasteurise milk for onward shipment to Bombay. What were we to do when the Bombay Milk Commissioner told us that he wanted an equal supply of milk in both the flush season as well as the lean season ? Our buffaloes insisted on producing much more milk in the flush season than in the lean—they, on their part were 'insensitive' to the wishes of the Bombay Milk Commissioner—as were our milk producers, when he told us to close down our village milk Co-operatives on alternate days and let the producers find something else to do with their flush-season milk.

We, also, as professional managers, did not like his solution. So we *did* find 'something else'—to do with our members' flush-season milk—we 'found' some modern milk-powder manufacturing equipment and large, modern, efficient butter churn. . . We erected a 'cold chain' which could move chilled, pasterised table butter from Anand to Bombay—and, ultimately, from Anand to every city of India—in good, fresh condition, of course, to ensure consumer satisfaction *and* to ensure a remunerative price to the producers for both lean-season *and* flush-season milk. In other words, access to modern science and technology means (or should mean) better margins on poor producers' products.

Better margins enable the co-op to compete, both in procurement and in the consumer market, of course. But, equally important, better margins also enable the co-op's to provide members with the services they need to help them increase their production and productivity. The Anand Pattern Dairy Co-op's, for example, provide the milk producers with veterinary care for their animals, artificial insemination using the semen of genetically superior bulls, as well as extension advice on improved animal husbandry. The Co-operatives pay for these services out of the margins earned on the milk and milk products which they sell. Without superior technology, this would not be possible—and the producers would be left without the production-increasing services which they need, because the public exchequer could not afford to provide these services on the scale required.

There is another advantage to this pattern, in which the producers own their own extension system : there is far quicker

feedback from the producers to the management. For example, if the co-op fodder extension officer goes out to a village to test a new variety of greenfodder seed and describes some elaborate practices for growing the new variety, the producers may simply explain to him that, according to his own words, the new variety would need maximum labour at the very time when they will be harvesting their main crop—so it simply 'isn't on.' Then, if pressed, they will sow, say, 10 square metres—and three or four months later, they may well report to him (with some amusement) that they followed a much simpler set of cultivation practices than those which he had advocated, obtaining equally good results (or better!). The extension officer reports this to his manager—and the improved cultivation practice is then fed directly into the co-op's extension system.

This close *rapport* between extension advisers and producers is what all extension systems aim at, but the relationship seems to develop more strongly and faster in our Anand Pattern Co-operatives. However, it is true that the first of these co-op's, Amul, evolved its original structure over a period of some 20 years. The next, Mehsana, took some 10 years—and, by the time Mehsana had stabilised, the National Dairy Development Board had been formed (the 'NDDB,' as it is now referred to). The NDDB was formed primarily to replicate the Anand Pattern: the main objective of its first programme, Operation Flood I, was help create 18 Anand's in the hinterland milksheds of Bombay, Calcutta, Delhi and Madras. Actually, between the time when Operation Flood I was launched, in 1970, and December 31st, 1979, the number of Anand's grew from six to 39—and the number of village milk producers' co-operatives grew from 1,500 to over 11,000. These co-operatives now serve some two million milk producers and their families—and that number is scheduled to rise to 10-15 million, under Operation Flood II, in the second half of this decade.

In other words, by working with the Anand Pattern Dairy Co-operatives, learning from their experience—and, indeed, drawing considerably on their experienced staff—the NDDB has developed into an institution which is capable of replicating the Anand Pattern in the field of dairying. At the request of the Government of India, it is now attempting to develop an effective methodology for replicating this pattern in the oilseeds and vegetable oils sector.

Milk and milk products are, after all, only 9-13% of consumers' food expenditures. So there are many more commodities which could be covered by new "NDDB's," set up for, say, fruits and vegetables, fish, meat and eggs, pulses, sugar cane and sugar

beet—not to mention jute and cotton. For each of these crops, or groups of crops, a new NDDB could help producers to get the processing and marketing functions into their own hands, eliminating speculative and exploitive middle-men—and providing to producers the inputs and services which they need to increase production.

Judging from experience, the adoption of this single-commodity co-operative approach on a national scale is the most promising path which the country can follow, in order to achieve genuine rural development: rural development which really will reach the rural poor.

Sometimes, programmes are said to 'reach the rural poor' when all that is meant is that the rural poor hear about those programmes! But the Anand Pattern Dairy Co-operatives really do provide remunerative employment for poor milk producers' families. A survey was made of the original Anand Pattern Co-operative in Kheda District, two years ago. This survey showed that 84% of the rural population were landless or operating less than 5 acres of land. The same group comprised 82% of all milk producers and of all milk co-op members—and 63% of the elected co-op managing committees were drawn from this group. Again, 67% of Scheduled Caste and Tribes were co-op members, all but 2% of whom sold milk to the co-operatives.

I do not know whether these are Agricultural Statistics or Cultural Statistics, Mr. Chairman. Certainly, however, they indicate the social as well as the economic impacts of a village institution which is equally accessible to all, regardless of caste and creed. When the milk producers line up to sell their milk, all have to take their turn. So-called higher caste milk producers may well find themselves standing in line behind a 'lower caste' milk producer... Similarly, the veterinary doctor's services are available on an equal basis to all. This is what gives the poor confidence in the system.

This confidence appears to be contagious. The same survey, which I have just quoted from, also showed that 43% of milk co-op members were also members of other Co-operatives. In other words, when the rural producers see that they can manage their own milk business and get equal access to the market through their Co-operatives, then they naturally desire to do the same thing with other commodities which they produce, especially as the milk Co-operatives also give them equal access to the inputs which they need in order to increase their production and productivity.

Increases in agricultural production, however, are not an end in themselves. Rather, they are a means of enabling the rural

population to apply their own knowledge and energy to the task of increasing their productivity and incomes. This can never be achieved in our 5-600,000 villages if it is attempted from above or outside the rural community. The key to the problem lies in enabling people in the villages to become *aware* of the fact that they can get the instruments of development into their own hands—and to erect an *institutional structure* which puts the instruments of development into their hands.

This is the most important function of the Anand Pattern Co-operatives. When the co-op's veterinary doctor visits the village, week after week, even the poorest milk producer finds that doctor is just as keen to treat *her* animal as he is to treat a rich farmer's animal. She also sees the veterinary doctor curing animals, often of diseases previously considered incurable... She finds that artificial insemination enables her animal to produce a genetically superior calf... In other words, the people of the village become aware that they really can get hold of the tools of modern technology and science—and use those tools to increase their productivity and improve their incomes.

At the same time, they see that their village milk Co-operative's managing committee can make decisions—and that each member's vote counts in the election of that committee. Moreover, chairman of village milk producers' Co-operatives are elected as directors of their district Co-operative union—and Chairmen of district unions are elected as directors of their State Federation... So, at each level the producers see their own representatives making policy, making decisions. A desire to be re-elected, if nothing else, motivates these elected representatives of the producers to get things done. The successful ones learn how to get results out of our unweildy, outdated systems of administration. So the producers, through their Co-operatives, learn how to make the institutional structure work for them. Their Co-operatives, learn how to make the institutional structure work for them. Their Co-operatives, in fact, become one of the more functional parts of the institutional structure.

In brief, creating an *awareness* that the village community can use modern technology to improve its productivity and an *institutional structure* through which the village community can effectuate this awareness: that is the most important function of the Anand Pattern Co-operatives.

With the advent of awareness, on the one hand, and of an institutional structure which can effectuate that awareness, on the other hand—then the rural community involved can use these newly

acquired tools to obtain the *social* services which they need : to establish a proper health care system, for example, coupled with supplementary nutrition for mothers and infants in need, as well as improvement of environmental sanitation and of drinking water supplies...whatever may be each rural community's priority... In Kheda District, for example, the Anand Pattern Co-operatives are sponsoring such a programme, which has at its core the aim of "family viability:" that is to say, as each village joins the programme, one or two women of the village are trained in basic health care and infant day-care, the village is visited each week by a mobile clinic, staffed with trained practical nurses—and poor families, especially those in which infant are undernourished, are helped to become more productive by learning new skills, or perhaps by acquiring a buffalo or a cow—this programme is still in its infancy. It is a difficult programme to administer. But the confidence of the participating villages augurs well for such social welfare programmes, based on the infra-structure of the milk Co-operatives and on the confidence which they have created in the rural population.

Indeed, the growing confidence of the rural population in its ability to tackle its own problems is comparable to the confidence one happily observes in our growing population of young graduates and technicians—and this confidence contrasts strongly with the negativism and cynicism which pervades our older, so-called elite. But, before turning to such problems, allow me, Mr. Chairman, to suggest that there is one more set of opportunities and challenges which could be tackled by the NDDB/Anand Pattern approach : there is a host of multi-disciplinary (and, in some cases, multi-State) jobs to be done, to which our present ways of doing things seem unsuited. Rehabilitating the productivity of the Himalayan reaches, for example, is an urgent task. Forests must be restocked, vegetative cover must be established, often on steeply sloping valley hillsides—and all this must be done in ways which enable the rural people to improve their productivity and incomes without coming into conflict with the re-establishment of a viable ecological system.

No doubt, many hard-to-find skills and techniques will be needed. Investment funds will be needed. But, above all, the confident participation and support of the rural population involved will also be needed. Could we not apply the experience of Operation Flood and the Anand Pattern Co-operatives to such tasks ?

The optimal management and development of river-basin resources, for example, may be another task which could better be tackled this way, especially in cases where more than one State is involved. This could well enable river-basin resources to be deployed

more productively for provision of power and irrigation, while also ensuring that the outputs enable the rural poor to become more productive through remunerative employment. No doubt, such programmes should also include a practical approach to *energy conservation* in the village: the use of agricultural wastes and solar energy for local provision of power, for example, may well prove a more practical and economic proposition than extension of electricity grids, where the capital cost per kilometer of line is not justified by the increased productivity to be derived from such extensions of a power grid.

No doubt, if we were to tackle multi-disciplinary, multi-State problems this way, there would be technical problems. New technologies would have to be evolved. But the country has invested wisely in the education and training of our youth in modern science and technology. We do not lack the knowledge and human resources required to enable our rural population to become more productive: to become a vast, productive *asset*, in fact... What, then, holds us back? It is true, no doubt, that the industrialised countries look with some fear at this slumbering giant which is India, wondering what may happen if we ever come to realise the productive potential of our largely rural population, of our sun-rich fields—and of our vast army of technically trained young people... If this giant does wake up, if we do harness our resources, no doubt the present order of international production—and inter-national trade in agricultural commodities—would be vastly changed.

We have the energy of the sun, we have the creativity of our rural population, we have the waters of our rivers, we have the determination and confidence of our youth... What we lack is the confidence of both our youth and our rural population in the existing order: especially, they no longer trust or respect the so-called elite. In this, their instincts are right. Our elite has become workshy and self-serving. It is concerned with status and factionalism, with preserving and increasing its perquisites and privileges. It spouts the facile rhetoric of rural poverty in order to maintain its grip on urban amenities.

No wonder the villages distrust all these urbanised gentry who jeep themselves into the village, complete with polyester pants and thermos flasks of boiled water, exhorting them to produce fewer babies and more food at exploitive prices, for the benefit of their urban brethren... They deliver these messages to the village—and hastily jeep their way back to their urban environment.

Back in that familiar environment, they are busy at recruiting fresh graduates and technicians, who are then taught the elite's

work-avoidance ethic as quickly as possible. Ideals, diligence and the desire to create change are remorselessly eroded. Paper is substituted for action. Conferences are substituted for work. Perquisites are substituted for truly earned rewards—and there are no penalties for corruption, laziness and divisive rabble-rousing.

Yet, we all know, in our heart of hearts, that nothing good happens in this world without work. I have cited the structure of the NDDB and the Anand Pattern Co-operatives today because that is one structure which I know—and it is a structure which facilitates *work*: work by policy makers, by professional management and by trained, technical cadres—especially, by young, technically trained people—all in the service of our rural population. That population, in turn, when it sees professional managers and technicians actually *working*, it regains its confidence that 'the system' really is one which can help them to become more productive, which can help them find remunerative employment, to create practical health-care systems—and to make the villages better places to live in.

Mr. Chairman, what better occasion could there be on which to say this? I do not usually 'lecture'—and I hope that I have not sounded too much like a school teacher today. None of us alone has a panacea for the challenges of rural productivity. Surely, there is no single answer. But it did seem to me to be appropriate, on an occasion when we pay tribute to the memory of Dr. Rajendra Prasad, that the over-whelming importance of work, as such, should be re-emphasised.

If we work, new patterns of organisation will arise, linking the mutual interests of our urban and rural populations. New norms will become common, creating mutual trust and respect between our urban and rural populations, between our educated youth and our older leadership.

Given institutions which foster such mutual trust and confidence, through a shared work ethic, we need not doubt that our society can enable our rural population to realise its truly great potential for increased productivity, making a better level of living available to all.

Thank you.