

>

Title : Problem being faced by Dairy Industry in the country.

SHRI M.P. VEERENDRA KUMAR (CALICUT): Hon. Speaker, Sir, in India the dairy sector is facing an acute crisis. In our country millions are engaged in dairying but in the developed countries very few farmers produce the lion's share of the milk. In contrast, in India small farmers who own 30 per cent of the land hold 60 per cent of the milk cattle. It is the womenfolk who manage cattle. About 50 per cent of the milk produced is consumed domestically. Sixty to seventy per cent of the money earned from consumers goes to the farmers. In 2004-05 India produced 91 million tonnes of milk. In money terms it works to 23.2 billion US dollars. This amount is larger than the total price of rice and wheat produced in India. This has become possible because of the success of cooperative farming [\[KMR14\]](#).

The duty component for imported butter now in India is 40 per cent and for milk powder, 60 per cent. Japan imposes duty around 550 per cent on import of butter and 200 to 300 per cent on imported milk powder. In the US and European Union, there still exists 75 to 150 per cent duty for butter import. Though there is a provision to impose an import duty of 300 per cent on milk powder imports, the Government of India has fixed a merger duty of only 60 per cent which helps the multinationals and hits the Indian dairy producers very adversely. In developed countries, governmental assistance through different forms, including subsidies ranging from 50 to 150 per cent, are given.

To equip Indian dairy farmers to face the new situation, the Government should strengthen co-operative societies, if necessary, through mergers so that they can compete internationally. Such products should be exempted from excise duty and sales tax.

Time allotted for developing countries to stop Government assistance for all agricultural products, including dairy products, come to an end in 2005. I urge the Government to address these issues in the WTO Ministerial round of talks to be held in Hong Kong in December.