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**THE NATIONAL DAIRY DEVELOPMENT BOARD
OF INDIA AND CORPORATISM:
THE POLITICS OF PUBLIC POLICY-MAKING**

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Table of Contents

	page
1.0 Introduction	1
2.0 Corporatism	5
2.1 Contemporary Authors of Corporatism	8
3.0 The Indian Economy and the State	11
4.0 Corporatism and the Indian State	18
5.0 Indian Political Economy and Interest Representation	21
6.0 Corporatism and Public Policy Formation	24
7.0 The NDDB and Corporatism	27
7.1 The Link to Cooperative Production	27
7.2 The Link to Public Interest	33
7.3 NDDB and Leverage	39
7.4 The NDDB and Other Actors	42
7.5 Summary and Comments	50
8.0 Corporatism and the Exercise of Power	54
9.0 Conclusion: Foreign Involvement in Corporatism	59

Abbreviations:

GCMMF = Gujarat Cooperative Milk Marketing Federation

IDC = Indian Dairy Corporation

KDCMPU = Kheda District Cooperative Milk Producers Union

NCDF = National Cooperative Dairy Federation

NDDB = National Dairy Development Board

OF = Operation Flood (I, II, III = the three phases)

SDDC = State Dairy Development Corporation

1.0 Introduction

The National Dairy Development Board (NDDB) of India, recently merged with its financial sister organization the Indian Dairy Corporation (IDC) as of August 1987, is best known as the implementing agency of Operation Flood (OF), the world's largest dairy development project. As such it has played an extremely useful role in the analysis of development institutions witnessed by the profusion of publications inspired by both the institution as well as the project. The aim of this paper is to demonstrate that the ambiguity found in the NDDB regarding the territory it operates in, sometimes displaying public characteristics and at other times private, is part of a wider ambiguity within India concerning these spaces. Resolving this problematic duality points to an alternative relationship between interest group representation and the state called corporatism in which the public/private divide is re-interpreted.

According to liberal theory, most economic activity of the capitalist state is located in the private sector (private ownership) and that of the socialist state in the public sector (state ownership). Yet structural changes in an economy give rise to qualitative changes in the role of the state and this in turn impacts on the distribution of political power amongst social groups and classes. In particular, the increasing rationalization of policy-making through various forms of planning which both planned and market economies share in common, along with generalized administrative practices (efficient allocation of resources, corporate management) found in industrialized countries, influence the expression of interest group activity. In a context of scarce resources, these imperatives are perceived to be of even more vital importance than in wealthy economies. Rationalization and efficiency as social values have accompanied the transformation wrought by industrialization.

Corporatism is used as an analytical tool in this paper to evaluate interest representation in a context of democratic polity, an advanced industrial economy but with a scarcity of resources. The main task of the state is to determine how best to reproduce the conditions necessary for the maintenance of the social and economic order. This entails delineating a

*When the word State is capitalized it will refer to the territories of India. When uncapitalized, it will refer to the abstract concept of the role played by a whole actor.

balance between public and private space which will best produce the desired results without contradicting social values inherent in the formation of the state. In the case of India, this means protecting democracy while at the same time attempting to minimize ideological conflict which detracts from a certain notion of efficient planning processes. The role of interest groups in this context is significant in terms of how they express their interests, the balance of private interests vis à vis public ones and what kind of unity is engendered between them. Interest group activity in this paper is not viewed in pluralist or class terms but, rather, is placed in the wider context of corporatism which provides a historical analysis of the state's evolution in relation to the conditions required for the operation of an industrial economy over time. From such an exercise emerges a picture of power distribution expressed in interest group activity.

In this paper, considerable attention is given to a particular case study (the NDDB) which focusses on how the agency penetrates public and private space and its relationship with various other interests in order to discern the level of autonomy or dependence with which it operates. From the outset it should be said that this paper does not claim to establish a general corporatist trend in Indian society; corporatism's relevance is confined to a particular case although the context of that case is also significant to the argument.

There have been various attempts to reformulate the public and private relationship in view of the many exceptions to the rule found in societies in transition. State capitalism (R. Miliband, 1973), state socialism (C. Bettelheim, 1975) and convergence theory¹ serve as just three examples of dynamic models of state and society adjusting to shifts of ownership and the disposal of profit. Institutionally, the ambiguity of territory is sometimes expressed in an increasing presence of quasi-government organizations (quagos) or quasi-non-government organizations (quangos) which at one extreme may function as a proxy for government policy but with greater legitimacy or, at the other extreme, may carve out a niche of power separate from the state. Corporatism adds significantly to the debate of how interest groups from particular sectors of society or the economy interject in public policy-making hence altering the traditional liberal distinction between public and private space. It is a theory able to clarify the position of the NDDB vis à vis society and the state, a position which otherwise appears to defy liberal rules of a consistent separation between public and private activity.

The relevance of corporatism as a theoretical framework for analyzing the NDDB and its public policy role is grounded on several aspects which are significant in a developmental context. Corporatism specifically attempts to link civil society with the state and this leads to an historical investigation of both sides with implications for concepts such as democracy and pluralism. Through this type of investigation several issues arise such as: the possible encroachment of organized interests on 'state territory', or less strong, the possibility of state circumvention by interests depending on how they manoeuvre; questions of legitimization, particularly in light of democratic and pluralist values; the balance of actors in the policy-making arena figures importantly and can lead to concerns of marginalization for some interests and favourable processes of inclusion for others; deviating from traditional corporatist theorizing yet consistent with its logic is the notion that corporatism facilitates foreign penetration of particular sectors in other countries when interests between them are compatible.

Corporatism employs a dynamic perspective of conditions which allows adjustment in its framework. This last point may account for the highly malleable nature of corporatist theory and the diversity of conditions to which it has been applied. The context chosen for this paper is unconventional yet indicates that corporatism still has explanatory value. Schmitter (1989: 72) predicts the eventual demise of corporatism as understood in its familiar surroundings (mainly West Europe and Latin America). Yet in states with more recent experiences of democracy and capitalism, a nationally integrated system of interest articulation is still a pertinent problem. A new aspect introduced here is the international alliance of a specific functional interest and how this can impact on public policy. Given the normative character of the theoretical framework, there is no attempt to quantitatively prove the operation of corporatism in the particular case study. Even qualitatively, the corporatist fit is not always consistent with relations between the NDDB and the state, yet enough congruence exists to suggest a certain pattern at work. Ultimately what is described may deviate enough from orthodox corporatist theory to warrant a new nomenclature for the phenomenon. However, distinguishing where that line may be is not the purpose of this exercise and the conventional theory still serves as the undergirding for a subsequent application of the theory in a new direction.

In the course of outlining the corporatist characteristics in the behaviour of the NDDB, it becomes necessary to follow several strands which

weave a final picture. After a perusal of corporatist theory which defines the theoretical framework, a (superficial) look at the Indian economy and state is provided. In a static sense, economic and state models delineate or circumscribe the possibilities of interest representation. Yet, states and economies must maintain themselves through dynamic processes so this analysis also alludes to how interests shift in character and strength according to political and economic imperatives. The space for interests reflects the flux taking place in how public and private space is managed. Corporatism is brought closer to the Indian context in the next section (4.0) which illustrates how interests become articulated corporatively with the state and how the two may reinforce each other while still sharing an uneasy balance. Specifically, the needs of planning are shown to facilitate a corporatist development.

Section 5.0 provides an overview of how interest representation is expressed in the Indian political economy. The analysis is based on a model provided by Lloyd and Susanne Rudolph who characterize the overall interest system as pluralist but with actors and processes which are unique to the Indian context. It is important to point out that the corporatist argument applied to the NDDDB case is not meant to apply to the interest representation system as a whole. Next, the implications of corporatism for public and individual participation in policy formation is explored. The differential penetration of public policy by interests has bearing on the nature of political institutions and the balance of power between them, i.e. legislative versus executive branches.

All of this eventually leads up to the main case study. While illustrating some of the corporatist characteristics found in the preceding sections, the NDDDB also diverges with the theory at some points and displays unique traits which can contribute to an expanded conceptualization of the theory. Historical events in the political and economic spheres in India had bearing on the success of the dairy project which explains why contextual information has been emphasized in the paper. Section 8.0 returns to a fundamental issue, that of power. Its main focus is to determine how the exercise of power is identified. If the NDDDB is indeed exercising power, how can that be seen? What are the methods of access and exclusion to the state? Finally, the conclusion does a certain amount of summing up but is even more concerned with charting the role of foreign involvement (through aid) in the corporatist framework. The impact of aid in the cooperative sector as well

as its impact on indigenous interest representation in the dairy sector is explored.

2.0 Corporatism

In order to give a preliminary conceptualization of corporatism, three definitions are provided below. Although they stress different aspects of the theory, they each provide significant elements to the concept which are relevant to the following discussion. Alan Cawson provides the first definition:

Corporatism is a specific sociopolitical process in which a limited number of monopolistic organizations representing functional interests engage in bargaining with state agencies over public policy outputs. In exchange for favourable policies, the leaders of the interest organizations agree to undertake the implementation of policy through delivering the cooperation of their members (Blackwell Encyclopaedia of Political Thought, 1987).

Schmitter's general definition runs thus:

Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports (1974: 93-4).

From a more state-centered perspective, Cawson merges the orientations of Winkler and Schmitter to suggest the following:

Corporatism is a politico-economic system in which the state directs the activities of predominantly privately-owned industry in partnership with the representatives of a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated interest groups (Cawson, 1978: 187).

There are a number of points to this concept that should be discussed further. Unless otherwise stated, these points are found in Cawson (1978). Corporatism assumes social mobilization not around class lines or diverse interests (pluralism) but around a function or occupation performed in the social division of labour. Horizontal social alliances such as class are broken basically through internal vertical hierarchical decision-making and vertical social categories based on function (Schmitter, 1974: 124-5). One's function in the division of labour commands greater solidarity than class or individualistic interests, implying that socialist and capitalist ideologies of organization do not apply. Next, in order to work, corporatism

needs two things. One is a unifying principle in order to elicit the cooperation of a membership as well as to mitigate conflicts between groups. In corporatism the welfare of society is best achieved when the interdependent functions of the whole operate with the least friction. Furthermore, a commonly recognized point of shared interest is needed to legitimize the role of the corporation as representative of a social function. Second, corporatism needs a strong alliance between the function and the state so that public policy, hammered out between both groups, reflects a compromise between the interests of state and corporation (the representative body, sometimes also called estate) that can be implemented through the cooperation of the sector involved. The actual balance of power between the state and corporation will vary in each circumstance, but it is significant that the corporation (along with others from different sectors in society) occupies a monopoly position in relation to other actors in their sector usually because the state has licensed them and will only negotiate with those chosen corporations in public policy planning.

Corporatist theory parts with liberal theory in that the unit of analysis is not the individual ('economic man' who is rational if he acts consistently to pursue what he perceives to be his maximum utility within certain constraints) and there is no distinct line separating public and private sectors; rather, the unit is the functional group (the corporation or estate) in the division of labour and its role is not confined to private interests but is involved in negotiations with the state to formulate public policy. The state is most likely to deal with those interest organizations which: a) represent strategic sectors of production; b) command resources of information and capital and personnel, and c) are most likely to enable implementation through the cooperation of its members.

The pluralist notion of open, voluntary, competitive yet harmonious organized interest activity was altered by emerging patterns in industrial societies in which oligopolies and monopolies in large sectors of the economy led to representative agents that operated hierarchically and authoritatively rather than through consent from below and in members' interests. The 'invisible hand' assumed by pluralist theory (much like the image used in perfect market theory), that guided multiple private competitive interests toward a general compromise in the public good was substituted by the more reliable, predictable image of public policy agreed upon by organized producers on the one side and counteragents (bureaucrats) from the permanent

government on the other. It became possible for the state to marginalize pluralist interests expressed in legislatures by creating a well-defined policy arena in which government bureaucrats and functionally organized interests were the prime actors, thereby weakening representational chambers of pluralist groups while strengthening the executive arm of government and its corporatist allies. The resulting alliance may only apply to particular industries or may in fact extend to the entire national economy. Unlike pluralist groups which are strictly private actors, corporatist agencies often attain quasi-public status that furthers their authority over their membership to 'command' conformity.

On the one hand, the state is powerful in corporatism in that it acts to define interests and to mediate the interaction between them. Hence the state has invisible control over the public agenda and its consequences in that open conflict does not accompany the exercise of power by the state². On the other hand, the emergence of functional interest groups with social, economic and political power create centres of power outside the state and generate the sense of interdependence found in industrial and post-industrial societies. These two positions may correspond to two paths of corporatism identified by Schmitter (1974). The one takes place in peripheral or dependent capitalist states which impose a corporatist order from above in order to govern more easily, the other occurring in states where the gradual monopoly position of interest groups such as labour and employers render them equal footing with the state in determining economic and social policies.

Corporations display a rigidly hierarchical structure. This accomplishes several things. For the purposes of the corporation, it ensures close control over its membership and centralized authority at the top. For the state, it may imply bureaucratic expansion, administrative dependence and also centralization. A social aspect of this tendency is that this differentiated hierarchy provides a continuum of levels of authority linking the individual both to society and the state (Schmitter, 1974: 120). The consciousness of the individual is shaped to understand his/her position only in terms of a collective whole and that position is closely circumscribed. The state is able, from its position at the head of the hierarchy, to regulate relations between individuals and the state - rather like a chief executive officer - not just in terms of political or economic affairs but in every respect. In this structure one can identify the indelible mark of the industrial revolution and its influence on social organization.

Another result of the industrial revolution is the changing relations of production due to technology. The role of technology in the division of labour, its demand for specialized knowledge and therefore the perceived need to allow professionals to make decisions or influence them is directly related to corporatism. Technology is a tool of centralization and marginalization (for those without access to it or unable to benefit from it). The state, in its expanding role as integrator and regulator of interests, increasingly turns to a professional elite and considerations of technology in its formation of public policy because they are crucial to its ability to perform effectively economically.

2.1 Contemporary Authors of Corporatism

After a long and varied history which some authors trace as far back as medieval trade guild organization, corporatism's most recent analytical application (sometimes called neo-corporatism) stems from the post World War II period. As expressed by the Scandinavian writers Heckscher and Stein Rokkan, corporatism became an ideology of organization in which the relevant parties would cooperate due to shared values with each other and with the state (Schmitter, 1974: 100-2, 105-15 for remainder of paragraph). Conflicts do not disturb decision-making according to this model because the state mediates interests to ensure the continuity of the process. The state will ally with certain interests such as major business or labour as partners in public policy determination. For example, transnationals may ally with the civil service. The common justification for these bonds is that outside interests are necessary partners in economic planning due to their resources of information and technical expertise. The balance between state authority and interests groups will vary in each circumstance but public interest is threatened when either is too strong, such as when the state uses interest group representation only as legitimization for its actions or when the interest group uses the state to reinforce its power.

Some of the main contemporary writers of corporatism are A. Cawson (1978, 1985, 1986), J. T. Winkler (1976, 1977), P. C. Schmitter (1974, 1979, 1982), G. Lehbruch (ed.) (1979, 1982), and B. Jessop (1982). The focus of corporatist theory differs between them. A few of the main approaches are given below.

Jessop looks at corporatism politically as a form of state developing alongside parliamentarism in a capitalist society. Whereas parliamentarism

is structured along territorial-individual representation, corporatism combines functional representation with an interventionist state. Winkler takes a more economic view of the issue. To him, corporatism is a form of political economy separate from capitalist or socialist boundaries. State intervention directs mainly private industry in the interest of ideological ideals such as unity, order, nationalism and success. How these principles are articulated and legitimated, whether through political parties or interest groups or something else, Winkler does not fully explain. Winkler sees corporatism generated by four main structural changes in the capitalist economy which have necessitated a change in the role of the state. These changes are industrial concentration, declining profitability, technological development and increased competition. Like Durkheim before him, Winkler sees the strength of corporatist organization in being able to implement public policy in a decentralized manner through institutions which are not strictly organs of the state. These institutions are frequently granted a wide margin in applying their charter and the charter itself may be kept deliberately nebulous. The separation of corporatist administration from normal government bureaucracy attracts private business interests. Regulation of these institutions is often left to market forces as occurs in the private sector rather than through government regulations.

Schmitter's focus is corporatism as a method of interest intermediation differing from pluralism in that a limited number of monopoly organizations on the one hand represent their members' interests to the state, and on the other implement public policy negotiated with the state through the compliance of its members. The state can in fact steer existing institutions in this direction - rewarding implementation with increased access to government decision-making - or can create new associations to perform this role. Competition for government resources and attention taking place between pluralist interest groups is replaced by an orderly, cooperative, stable relationship. Schmitter also provides an interesting comparison of two types of corporatism, one referred to either as societal, liberal or redistributive and the other as state, authoritarian or conservative. The first portrays pluralist systems in their advanced stages where competition has finally levelled out between a few key actors usually including labour and business interests (employers). The state is forced to recognize centres of power outside itself and may incorporate these actors in its processes of policy-making unevenly. The second applies to a state in urgent need of

control and legitimacy in order to mobilize society behind its policies. Schmitter applies this system to authoritarian regimes of a dependent capitalist nature. Challenges and threats to the regime are pre-empted or co-opted by state sponsorship of public participatory institutions.

The principle of corporatism is the same in both cases. It is a model of monopolistic interest representation which relies on integration (for harmony and unity), state mediation between the corporations, and popular support (even if through manipulation) in order to work. The last characteristic is particularly important as the strength or weakness of support will determine whether the corporation is autonomous or simply an organ of the state.

Schmitter's definition is not tied to a particular ideology or system of ideas (Schmitter, 1974: 87). Instead, it should be identified and analyzed in terms of certain distinguishing features of its application regardless of the particular ideological or economic context. In other words, corporatism does not belong to a specific political, social or economic construct. While 'an extraordinary variety of theorists, ideologues and activists have advocated it for widely divergent motives, interests and reasons', Schmitter maintains a 'neutral', ideologically-free concept of corporatism as an 'institutional arrangement for linking the associationally organized interests of civil society with the decisional structures of the state' (Ibid.: 86-7).

Corporatism is not generally applied to a case such as India. There have been indirect attempts to analyze corporatism in Eastern Europe but not as corporatism per se but as a critique of pluralism. While a limited application of corporatism is borne out by many aspects of the NDDB example, to distinguish a particular Indian corporatism would require ascertaining the shifting trends of interest representation vis à vis the shifting needs of the economic system and the state. Although this paper does this to a shallow extent, it does so for one case. A generalized application of corporatism to Indian political economy is not implied in this paper. It is, in fact, refuted by the argument presented in section 5.0. Nevertheless, certain state tendencies do allow space for select corporatist actors to exist. Another point to consider is that just as India's political economy seems to be following 'a third way', so will its interest group institutions and, indeed, corporatism has been referred to as a third way between capitalist and socialist systems of interest representation.

To some degree (keeping in mind corporatist areas can co-exist with pluralist areas), India tries to practice a state model of corporatism when seen from its attempt to centralize, regulate, and integrate the economy, to license or marginalize interests, to control prices and income and to negotiate with favoured interests in particular sectors. Yet the societal aspect comes out in the case of the NDDB in regard to its growth from the bottom up, its autonomous power structure considerably de-linked from the state and its independent leadership who have not been co-opted by the state. Some significant tendencies of state corporatism which are relevant to developing countries is the move toward state technocratic planning and resource allocation and the extensive use of functionally specialized para-statal agencies (Ibid:101). Also relevant in state corporatism is its capacity to strengthen and isolate executive power from accountability to autonomous organized social groups (Ibid:125). In this regard, Mrs Gandhi's gradual path to authoritarianism culminating in the Emergency is discussed below.

As the last example of a contemporary theoretical application, Cawson's framework has several strengths. One is that it recognizes sociopolitical as well as economic causes of corporatism. He also identifies how a corporate-organized economy manifests itself in political and interest-representing institutions. Cawson's model is highly dynamic in that it tries to theorize how the state will respond to economic, social and technological change vis à vis its need for effective channels of interest representation. Cawson maintains that pressure group activity and the distribution of power in society can and should be located in the historically changing political structures that have accompanied the differing needs of capitalism over time. In this respect he finds pluralist theories too empirical in that they look too much to who prevails in a situation of conflicting interests. A class rule perspective, however, leans too much toward ideological assumptions of who holds power rather than following the material manifestations of power to be found in conditions determined by political structures and structural economic change.

3.0 The Indian Economy and the State

The degree of socialism or capitalism operating in the Indian economy is a contentious point. J. K. Galbraith: 'Nothing could be further from the fact' than the idea that 'the Indian economy is managed by the government and

that New Delhi has in its hands the necessary instruments for such control' (1958: 589). He is contradicted by Peter Bauer who writes: 'Mr. Nehru's own published statements on the concept of a socialist pattern of society are indeed somewhat nebulous. But the actions of the Government, and its major policy statements, make it perfectly clear that it means the attainment of an economy in which all major branches of economic activity are government-owned and operated, and the rest is subject to close and specific direction by the government' (1961: 108). Leaving aside the ideology of these authors and of the state, the contradiction may not in fact be so stark. While the Indian government may reserve for itself ultimate authority over the economy, it does not follow that it chooses to exercise this control to a full extent in all cases.

These judgements differ because the criteria used to measure socialism or capitalism are not the same. Bauer's main criterion is the extensive and direct powers of the government over the private sector while other criteria such as the weight of the government in the economy revealed by its portion of the GDP or the extent of public enterprises are secondary indicators. It is the government's ability to license most economic activities i.e. importing, exporting, currency transactions, capital issues, allocation of materials, the establishment and growth of businesses, which allows the government to direct the economy and determine its composition. Other indicators utilized by Bauer include the government's monopoly of key industries - the so-called 'commanding heights of the economy' - its rate of taxation on the private sector and the legislative process enabling the government to regulate the establishment and behaviour of private industry to a minute degree. When more socially-oriented criteria are used to judge an economy, i.e. the distribution of wealth and income, the degree of concentration of economic power, the disparity between classes, disparity between the cities and countryside as well as between regions, then the Indian economy appears much less socialist than according to Bauer's perspective.

Indian policy was mainly concerned with weakening inequality through modernization and the exercise of a strong state (Weiner, 1987:174) The dominant political party at independence, the Congress Party, made an effort to attract as wide a cross section of support as possible which explains why it could claim support from such disparate groups as business interests along with the largest trade union organization (Randall, 1988:80-81). The party

had to achieve mobilization through unity which it managed by maintaining a moderate ideological stance, stressing socialist values and calling on feelings of national unity which ran strong at the time of independence (Ibid.). While the rhetoric was nationalistic and socialist, at the ground level the Congress Party found itself with little option but to mobilize support through local power structures whose orientation was often very parochial. One method employed by the party was to cultivate high caste groups who could deliver the vote of their lower caste dependents on the basis of their status and patronage (Ibid.).

Although the Congress Party was not a socialist party, many of its strongest members were committed socialists (Weiner, 1987). P.C. Mahalanobis, V.T. Krishnamachari, Tarlok Singh, Gulzarilal Nanda and Jawaharlal Nehru, who were all part of the Planning Commission engaged in drafting the first five year plan, were among the early socialist planners. From a struggle between liberal and socialist factions within the Congress Party the latter finally emerged as dominant but the interface between the two remained contentious. India was aiming for a decentralized pluralist state with a centralized economy. Weiner asserts India ended up with just the opposite (Ibid.: 174-5). Because Congress had developed a support base among upper and middle class peasant cultivators who were made landowners when Congress broke the zamindar landlords, wealthy peasants (Patidars being included in this category) subsequently gained importance in policy-making. Peasant landowner interests were distinctly unsocialist: they opposed ceilings on landholding, land collectivization through cooperatives and agricultural income tax. Their will prevailed in all three cases. The Congress Party had to give up the hope of collectivizing rural production in the face of certain disaffection of their most crucial voting bloc.

Along similar lines, V. Randall explains the lack of radical social reform or economic change due to Congress' attachment to parliamentary democracy, its links with elite groups and business interests and disagreement within the party concerning the national plan of economic development (Randall, 1988:90-91). The predominant views included followers of Mahatma Gandhi advocating decentralization, appropriate technology and a policy primarily designed to satisfy village needs; a liberal conservative wing led by Sardar Patel interested in industrial development through the private sector with little state interference; and the Nehru brand of socialism implying state-led industrialization, planning and agrarian reform

(Ibid.:91). Land reform was a priority issue to Nehru and it received serious attention at the 1958 Congress Nagpur Resolution. However, land reform was not included in the directive principles of the Constitution; land reform policy was left to State discretion, the ultimate result of which was to 'redistribute the largest estates among existing landowners ... (who were) soon mobilizing politically and blocking further land reform' (Ibid.). Subsequently, India's First Five Year Plan focussed on heavy capital industry as the major impetus to economic development.

According to Weiner's account of events, the inability to centralize the economy was accompanied by centralization of state power. This tendency, already in evidence, was quickened by Indira Gandhi's response to a political threat to her position by the Syndicate, a group of chief ministers and party leaders from her own party. The clash between them came to a head in 1969 over the choice of the next national president. Indira Gandhi proved far less malleable politically than the Syndicate expected. She prevailed in her choice but the party split over the issue. Increasing pressures weighed on Mrs Gandhi's administration: political restlessness increased when she could not deliver on 1971 campaign promises geared toward poverty and disadvantaged groups; Bengali refugees arrived in India in large numbers following the war between West and East Pakistan; drought and the rising price of oil created economic hardship while the global economy in general was in a slump; mid 1975 brought the news that the High Court found Indira Gandhi guilty of electoral malpractice and in Gujarat, a former Congress Party stronghold, an opposition alliance led by Jayaprakash Narayan had defeated Congress in state elections (Randall, 1988: 82-83).

Mrs Gandhi began a wave of stringent industrial regulation and nationalization (Weiner, 1987: 180-1 and Randall, 1988: 84-5 for paragraph). An alliance was formed with the Communist Party of India (CPI). Congress leaders with too much power to be excluded by Mrs Gandhi found their portfolios frequently reshuffled. Mrs Gandhi increasingly sought council with her informal cabinet and her personal secretariat was expanded. A series of strategic Ministries and functions, i.e. law enforcement and the intelligence service, were placed either under her direct authority or that of the Home Affairs Ministry or the Cabinet Secretariat, both of which were under her sole charge. The amount of centralized functions increased as did the extent of their authority and functions. A crucial aspect of this centralization was the passage of the 25th Amendment to the Constitution.

This gave parliament supremacy over the Fundamental Rights provisions of the constitution. The direct implication was that individual liberties as protected by the judiciary could be overruled by the Directive Principles established by parliament which assert the needs of society determined by socialist values such as state allocation of resources according to the common good and the obstruction of concentrated wealth. Shortly after this, in 1975, Mrs. Gandhi declared a national emergency which clearly demonstrated the degree to which democracy was undermined by a lack of protection for individual rights: opposition leaders were arrested, some political parties were banned, and the electoral process was suspended. Institutionally, the panchayati raj system of decentralized, democratic decision-making at the village, taluk and district levels was subordinated to the bureaucracy and government channels of decision-making. Local elections were suspended. In the end India was left with predominantly private land ownership in the countryside and weak local political institutions. The person of Indira Gandhi became the single greatest focus of centralization, more so than the party or other institutions.

The original socialist vision of newly independent India was not an organic growth of Indian social values which are based on strict observance of hierarchy and inequality (Weiner, 1987: 127-3 for paragraph). Early socialists in India came from upper and middle castes and middle to upper classes and were often Western-educated. The new elites are still Western-educated in many cases, liberal in their economic values and view development with the conviction that technology, managerial skill and efficiency will yield progress. Former PM Rajiv Gandhi along with his government advisors L. K. Jha and M. Aluwalia, his first Finance Minister V. P. Singh and secretary to the government in charge of technology missions, Sam Pitroda, were part of this mold. Whether they could overcome entrenched interests retained in a state-dominated organization of the formal economy would necessarily be an uphill battle. Although the educated middle class tends towards liberalism and the academic drift is in that direction, central planning has nonetheless worked to the advantage of some sectors of the economy who will not be eager to see it substantially altered. While the ideology may change, it is likely that institutionally the change will come about much more slowly.

The industrial policy resolutions of 1948 and 1956 opted for a mixed economy in which the 'commanding heights' were reserved for the public sector. With long-term credit extended through an array of state

institutions and finance capital (banks and insurance) nationalized in the 1960s, the state had a powerful source of control in its hands. The Planning Commission, responsible for perspective, five-year and annual plans, sets investment levels in the organized economy and in national infrastructure. Permit-licenses, issued by the state, regulate vital areas such as production and production levels, foreign exchange and imports, agricultural prices and input costs. These levers, added to the state's power to tax, allow the state to influence market and organizational behaviour.

What has been discussed so far in terms of state ideology and its imperfect translation into political and economic behaviour should reveal the difficulty of enforcing a strictly socialist or capitalist model of development not just for India but for other developing countries as well. Obviously, this has repercussions for public and private sector activity. Neither the state nor the entrepreneurial class are strong or effective enough to: a) overcome the particular weaknesses and imperfections of a capitalist or socialist system, b) take sole responsibility for capital accumulation and c) satisfy those social requirements of development which do not lead to profit maximization. India from the outset decided to use the strengths of both the public and private sector. The Industrial Policy Resolution of 1956 clearly delineates the division of activities between private, public and mixed sectors. Incursions of one sector into another were not tolerated but controlled by the government according to its determination of national interest. While the public sector has expanded over time, and recently seems to be waning, private entrepreneurship in certain areas of the economy has also been encouraged. When the public sector expanded, it was used as proof that India was heading toward a state-dominated economy. However, the argument can also be made that given India's aggressive pursuit of development, the private sector was not able to finance the heavy capital investment required, or at least not at the pace envisioned by development plans. Another reason for nationalization in the past may have been to reform an industry deemed crucial to the development of the economy but which did not perform adequately under private ownership. Whereas other developing countries may exhibit the same economic symptoms as India, their intention is usually to move toward a more clearly defined economic model. India seems willing to live with an ambiguous 'third way' with a logic of its own in determining the public/private balance.

'Forgetting the words "public sector" and "private sector," ' said Nehru to the Development Council Meeting of January 20,

1956, 'the main thing is that power, economic power, should not be concentrated in private hands, that vested interests should not grow up in regard to any important matter, strategic matter or socially important matter, that there should be a dispersal of economic power and therefore should be avoidance of development of monopolies of any kind' (in A.H. Hanson, 1965: 15).

'Political change there must be, but economic change is equally necessary. That change will have to be in the direction of a democratically planned collectivism. "The choice," says R. H. Tawney, "is not between competition and monopoly but between monopoly which is irresponsible and private and monopoly which is responsible and public" ' (Nehru, 1946).

India is in a unique position for two reasons. First is its combination of a planned economy in the context of a democratic polity. Second is its attempt to carry out rapid economic development without resorting to authoritarian political institutions as was the case in the history of Japan's and South Korea's economic development. The Indian economic planners required principles of cooperation in order to carry through their agenda of rapid growth. Democracy provides the legitimacy for 'India... is clearly hoping that the sentiments of national pride and the material and cultural aspirations that found expression in the National Congress during the period of the liberation struggle will provide the basis for an unforced unity of purpose sufficient to carry through... the new struggle against poverty' (Hanson, 1965:149).

Having said this, the lurking presence of authoritarianism is not totally dismissed by most authors. V. Randall sees democratic elements existing uneasily with potential authoritarianism protected by the Indian Constitution, the Congress Party and tolerated by Nehru (1988:88). This is reflected in the state's potential to virtually totally control the economy if it chose to do so. The option has been kept open. Political centralization and intolerance to opposition were easier to avoid in the early years after independence when threats to the centre were weak.

The initial impetus at independence which mobilized the population in a common direction will be difficult to maintain as time dilutes the effect. Support for the party called upon in the past for reasons of national unity and mobilized along lines such as caste or communal or class solidarity has given way to more starkly individualistic, materialistic criteria for voting. In particular, economic policies of the state influence the electorate (Randall, 1988: 85). Over time, the original notion of socialist ideology

has shifted toward the suspicion that the socialist system serves as a vehicle for increased state control over society. Further misapplication of the ideology takes place when ruling groups use socialist ideals to cloak consolidation of their power monopoly by arranging a balance between public and private industry in their favour. Rivals can be marginalized by the balance determined.

Much of the foregoing (and some of the following) account of the Indian context is redundant of a great body of literature written about the Indian state and economy. Due to its superficial perusal of events, it may raise more questions than it answers, particularly as there are a myriad of interpretations possible. Nevertheless, it is included in order to indicate that the degree and mode of interest representation alters as economic and political events unfold. The process is dynamic. One can appreciate that the expression of interests during the Emergency was substantially different than it is now when there is a renewed interest in state disinvestment in some sectors of the economy and a general move toward greater private participation.

4.0 Corporatism and the Indian State

Corporatist alliances made possible by particular models of the state and economy are not always open to public view. Indeed, most corporatist agreements are made initially in private and are later legitimized in public fora. Weiner provides an example of a particular alliance between business, bureaucracy and the party in India. Politicians in India financed increasingly expensive campaigns with 'contributions' extracted from businessmen who needed licenses for any number of activities which required official permission; bureaucrats were included in the distribution of rewards in order to obtain their compliance. When business could no longer foot the ever-increasing bill required by legitimate taxes as well as the shadow contributions, they endeavoured to earn unreported income. Hidden income could be used for purposes of bribery while the official books showed only the payment and receipt of legal taxes. The alliance was a triad of business, sections of the party and of the bureaucracy. The latter two protected business by influencing policy, i.e. subsidization, protection from imports, licenses to produce in protected markets, etc. Business paid handsomely for the service. In such a scheme, centralized, socialist planning is facilitative. For one, extended state intervention meant in-

creased involvement by the politicians and the bureaucracy. Furthermore, the private sector could flourish under public policies such as foreign import limits and administered prices which tend to be high to compensate for public enterprise inefficiency. In short, as V. Randall puts it (op. cit.: 92), state regulation becomes a complex set of interests in which bureaucrats, politicians and business have developed a vested interest in its continuance. The major bulk of government investment continues to go toward public enterprise but its dismal performance has enabled the private sector to profit immensely from the gaps left in the market while manoeuvring to take advantage of the benefits meant for the public sector.

Most theories of corporatism, even at a theoretical level, fit awkwardly with the Indian state considering that their general premise is that maintenance of a strictly capitalist economy will require the state to change its role in reaction to economic, social and technological change and furthermore this will necessitate adjustments in interest representation. Schmitter also follows this line of logic.

Whatever reservations one may have about the degree of determination exercised by the structure and mode of production upon such political variables as individual attitudes, voting choice, party systems and ideological doctrines, inquiry into the origins of corporatism of either type leads one very quickly to the constraints, opportunities and contradictions placed upon political actors by the operation of the economic system...I suggest that corporatization of interest representation is related to certain basic imperatives or needs of capitalism to reproduce the conditions for its existence and continually to accumulate further resources. Differences in the specific nature of these imperatives or needs at different stages in the institutional development and international context of capitalism...account for the difference in origin between the societal and state forms of corporatism (Schmitter 1974:107).

There are reasons, however, why the theory still has relevance to Indian structures. One is that the imperatives of planning, mentioned earlier in convergence theory, require efficiency in the allocation of resources and rationality in that policy-making tends to take place in centralized channels to facilitate control. The distribution of political power among social groups and classes will take place along these principles of efficiency and rationalization and professionalization (Cawson, 1978: 181). Both capitalist and socialist economies gravitate toward this common mode of decision-making. Pike and Stritch (1974:xx) cite Irene Taviss (1968) in this respect. She comments that classical theories of democracy and pluralism are insufficient for the post-industrial society. 'The increasing

orientation of government toward planning must lead political scientists to question whether a system of federated and separated powers can cope with the demands of modern government' (Ibid.). A side issue of the common planning found in capitalist and non-capitalist states is the role of technology. One of the characteristics of corporatism is the increased access to and use of technology and expertise in the field (professionals). On the surface this may appear to be a positive development but bear in mind that technology is a centralizing force - it attracts and benefits certain functions but excludes others - and as a tool of control over production it becomes also a tool of control over people who depend on production for survival.

In a situation of scarce resources, the perceived need for efficiency and rationalization is even greater. Rajiv Gandhi projected these values in his leadership style as well as an appreciation of technology's role in achieving a certain vision of development. Under R. Gandhi's rule, the government retreated from some former areas of state activity. Did this imply a withdrawal of the state? Or, was the state trying to develop alternate means of public control without the price tag and risk attached? The use of parastatals and/or quasi-government and/or quasi-non-government organizations may be indirect means of implementing what is in essence public policy. In this type of arrangement, the quago or quango is usually given a relatively wide margin of freedom in performing its function and may be given close access to government policy-making, both to aid the entity as well as inform it of government preferences. Internal controls and regulation within a quago or quango according to a statist model would not deviate substantially from overall government policy.

Secondly, concentration in the economic structure and plurality of political interests are identified as the major determinants of corporatism. Not all, but many authors believe these prerequisites exist in India, especially if only the formal sector economy is considered. The implications of this combination of features is that the state will be most interested in those economic interests which are strategic to the state's performance of its economic role determined by its economic policy. The state can strengthen its position by incorporating or establishing strategic interest representation close to the center of policy-making where coordination and planning reflect the economic priorities of the state. The third reason for an application of corporatist theory to a less-than-strictly-capitalist state is that the increasingly interventionist policies of the state in capitalist

economies invalidates their earlier claim of a strict separation between the state and the economy. The liberal-democratic state could maintain a laissez-faire attitude to economic activities until the First World War. Subsequently, World War I followed by the Great Depression induced the state to compensate for imperfections in the self-regulating market economy by assuming a stronger role in economic regulation and social policy-making. The expanded role of public policy in the economy was intended to provide 'directive intelligence' through an overriding organ of the state yet keep private initiative intact. Not only fond ideals of the self-regulating economy were relinquished but so were nineteenth century notions of the absolute liberty and initiative of the individual to pursue self interest and the operation of benevolent, self-regulating political processes (Schmitter, 1974:120). At the same time, functional interest associations developed mainly concerned with protecting their own interests by pooling their members and resources but which later involved themselves in a 'mutually supportive' relationship with government in order to influence policy-making at its source.

A. Cawson writes:

This 'osmotic process' is determined first of all by the state's role as guarantor of capitalism: to perform the integrative and regulatory role which the market can no longer achieve by itself the state requires specialized knowledge and professional capability in addition to the legitimacy conferred by consultation and representation. To the extent that the economic role is the fundamental one, access and mutual support will be granted to the representatives of indispensable economic interests. Thus producer groups will be corporatized as a necessity whilst the expansion and activity of consumer groups will occur largely outside the purview of the state. This important point can help to explain why neither pluralism nor elitism as ideal types can be taken to represent the totality of interests under capitalism, and can permit a better explanation of group politics by distinguishing between groups according to their significance for the activities of the state rather than according to their subjective concerns (1978: 191-2).

Apex organizations or monopoly interest representatives are encouraged by governments in order to regulate prices and incomes through channels which connect production to the state.

5.0 Indian Political Economy and Interest Representation

Lloyd and Susanne Rudolph (1987) have offered an overall view of interest representation in India in regard to its political economy. While their insightful analysis helps to place the NDDB within a general scheme of

interest activity in India, the NDDB once again proves to be more of an exception than a rule. The central point the Rudolph's express is how interest activity impacts on command and demand forms of government. Command politics favour state over voter sovereignty and public over private power in policy-making. Demand politics favour the opposite balance. In terms of interest representation, corporatism generally prospers in the former conditions and pluralism in the latter. Interest is used as the basic organizing principle in the political economy of India rather than class. Overall, the Rudolphs depict interest representation in India as pluralist but with very distinct features which will be introduced. This means that instead of a policy arena dominated by a few monopolistic, compulsory entities which impose hierarchical control, the Indian system supports a pluralist array of competitive and autonomous associations.

Producer interests in India organize within two parameters: 1) their location in the organized or unorganized economy and 2) the dominance of the public sector in the organized sector. The Rudolphs explain that 10% of all workers are located in the organized sector. 75% of employment in that sector is in public sector firms or government and 76% of the paid-up capital in the 100 largest firms in India is under the control of public sector firms. These facts condition the base on which formal interest representation draws its support. Moreover, the state's vital position in the organized economy allows it to assume a dominant position in terms of interest activity found in the organized sector.

Two unique actors appear in the Rudolph analysis, the demand group and the state as the largest organized producer interest. The demand group arises as a response to the size of India's unorganized economy, particularly in conditions where mass political mobilization overflows the institutional channels of political expression. Organized interests are generally more relevant to and effective for policy choice and implementation in the organized economy whereas demand groups, which operate in ad hoc ways by taking up issue and movement politics expressed in agitational and symbolic gestures, generally stem from the unorganized sector. Due to the scale of the unorganized sector (90% of labour found in areas such as agriculture, small-scale industry and petty commerce), demand groups have a greater impact on state-society relations and the policy process. The scale of the sector also heavily influences the balance between organized interests and demand groups in Indian politics and policy-making.

Characteristics of demand groups is that they are spontaneous, vaguely formed types of mass or collective action, usually mobilizing around an issue or movement. They often complement and/or incorporate organized interest activity rather than replace it. Demand groups do not generally have a bureaucratized administration. The weight of numbers provides the group with its main impact rather than expert knowledge or technical bargaining.

Organized interests operate in institutionalized policy arenas such as legislatures, bureaucratic agencies and political parties. The organization itself becomes highly developed in terms of bureaucracy and modes of internal/external communication. Technical and professional expertise along with legal and legislative skills are the core of their influence. Professional representation is essential to the organization. Professionals from the apex agency of the interest enact their role in counterpoint to permanent government bureaucrats. In demand groups, however, supporters of a cause visibly present their demands to government elites and to public opinion. Demand groups usually encompass a larger membership as they may mobilize support across occupational lines. Moreover, demand groups 'catch' those people who are too weak strategically to attract the attention of organized interests or who belong to the organized sector but are too alienated from the organization's bureaucrats to affect decision-making.

State interests dominate in the organized sector in which the state constrains and manipulates interest activity. The state participates as an actor in the interest field. However, the state has more instruments at its disposal in which to compete: it controls legal and economic incentives and often employs a kind of divide-and-rule tactic vis à vis other interests. The Rudolphs call this last aspect involuted pluralism, a process by which interests multiply and fragment and are thereby weakened. The state fosters this process through incentives and sanctions. Involution works contrary to corporatist development which requires concentration. Furthermore, the state possesses greater industrial, financial and commercial resources than its societal competitors. By nationalizing the key areas of the economy, in particular finance and industrial capital, the state could also dominate the representational infrastructure. As public lending institutions have increased their equity in private firms, they have gained control over private management selection. Hence, one finds the public sector spilling over into the private.

Policy agendas are predominantly determined by the state, mainly because public producer interests and policy bodies occupy far more representational space than do organized societal or corporatist actors. State interests represent themselves as institutional interests in the pluralist arena. In short, the state dominates pluralist representation through a) control of capital; b) employment of the majority of professionals in the formal sector; c) management of the policy agenda; d) manipulation of the organized sector through a system of sanctions and incentives, and e) establishing 'special' relationships with chosen apex agencies when it wishes to influence a specific policy area. Pluralism in India, in which the state is so placed to marginalize organized interests and acts to diffuse others' potential power through involution, is called state-dominated pluralism by the Rudolphs.

The significance of the actors and processes described is that they affect the political system: demand groups strengthen demand politics which favour autonomous space whereas state producer groups along with state dominance in the organized pluralist system and its manipulation of others (involution) favour command politics.

6.0 Corporatism and Public Policy Formation

The doctrine of functional participation in a pluralist democracy accepted by the public and political parties provides the groundwork for corporatism because it accepts the representation of interests in public policy³. But does the public get the policy it prefers? The idea is that individual preferences are represented at the top through political parties and interest groups. Schumpeter (1947) revised the notion that the electorate could exercise continual control over public policy through the power of its vote to a model where the electorate receives a cyclical opportunity to choose its leaders. Once elected, however, those leaders are able to formulate public policy according to their own interests. Voters act to maximize their utility and politicians or parties act to maximize votes. Electors vote for those politicians who can maximize their utility while politicians pursue policies which will attract the most votes. This implies that politicians may pursue policies that best enable them to remain in office but which may not reflect social welfare maximization. The trend is that policy will reflect the preferences of an 'average voter' who belongs to a majority. The main influences in policy-making will come from producer

interest groups (management and organized labour) who have a direct interest in policies relating to income and prices. Producer interests are generally more concentrated and organized than consumer interests which are individualistic and highly scattered over a large product choice.

Individual participation in public policy does not fare well in the trend toward corporatism. Individual will carries less weight the further up the political hierarchy one goes. At the level of foreign policy it is quite possible that the central government acts contrary to the majority preference for reasons which it finds most strategic to itself. The state prefers to negotiate with an aggregate group which can deliver significant cooperation with state policy. However, this may not always be the case. If interest groups are established as non-competitive partners to the state in policy formation then the state's autonomy to act in favour of interests contrary to the functional interest associations is weakened. In that case, the state is not able to arbitrate between competing interest groups to yield compromise policies most compatible with the public's policy preferences.

Cawson sees the transition to corporatism as happening gradually in the lingering presence of pluralist institutions. The state will enable and encourage corporatist representation in areas which have a direct bearing on the state's performance in economic affairs. State-generated rhetoric of public participation will be used to legitimize state intervention and can serve to mobilize public demand for a particular policy. S. Paul (1982) identifies mobilization of demand for policy outputs where this demand did not exist before as one of the necessary keys to programme success; the programme must point to the public's desire for a particular programme intervention to prove its value to society.

Interests which have minimal significance to the role of the state economic policy and hence do not figure prominently in the planning process will be left to operate within normal market conditions and their interests will be represented in a traditional pluralist manner. Under sustained corporatist conditions, pluralist interests will find it increasingly difficult to compete and the distinctive feature of liberal democracy, where individual electors are represented in a legislative assembly producing public policy, will gradually lose its salience. The implications for political parties whose primary role has been to represent aggregate interests is that the stronger corporatist representation becomes, the more parties will simply be pressured to legitimate policies decided outside of

themselves. The maintenance of political parties in order to provide a semblance of pluralist interest representation in government will be to the advantage of both the state and the interest corporations.

In the evolution of interest representation towards more corporatist forms, Cawson (1987: 197) points out several salient features. First, the power of liberal-individualist institutions will diminish, for example elected representative legislative bodies will find their role increasingly confined to agreeing to policies decided elsewhere. Secondly, technocrats and managers who can provide specialized information on their areas of activity will usurp the position of elected officials. This tendency is closely tied to the third which is the extent to which 'rational policy-making methodologies themselves prescribe the form in which information on public policy preferences should be cast, which itself favours the development of corporate forms of interest representation' (Cawson, 1978:197). Conceivably corporatism could lead to either increased or limited public bureaucratization depending on where the bulk of expertise lies. If it is in the public sector, then corporatism will be accompanied by an extension of the public sector work force. If sufficient expertise exists privately, then it is more likely that quagos or quangos, which primarily regulate themselves internally and enjoy wide discretionary powers, will perform an increasing share of policy implementation.

Rational methodologies of policy-making can entail considerations of efficiency in resource allocation, the use of centralized channels in decision-making and a hierarchically structured form of organization which regulates the behaviour of personnel. Centralization, social regulation and professional skills in efficiency found in decision-making structures will in turn impose these forms on other interests which enter the public policy arena. Corporatist tendencies require that interests be organized into formalized structures, develop a specialized staff who are in command of specialized knowledge and technology, and suppress individual dissent in order to make an impact on public policy. These developments account for the shift of responsibility for decision-making from elected representatives of the public to non-elected professionals who presumably can best guarantee the application of rationality in policy-making.

7.0 The NDDB and Corporatism

The NDDB bears several distinctive marks of a corporatist interest group even though its function is not technically to represent dairy interests. Strictly speaking, its task is to replicate cooperative milk unions on the Anand pattern which is the cooperative dairy pattern developed by the Kaira District Cooperative Milk Producers Union, the precursor to the NDDB and located in the village of Anand (Doornbos, et al., forthcoming). In doing so, the NDDB is to serve as an advisory service. However, in its planning and policy-making and programme implementation, the NDDB often claims to perform these functions in the interests of the farmers and at times on behalf of State dairy federations and unions found at State and district levels (Baviskar and George, 1988: A-40; Doornbos et al., forthcoming). Its link to public policy has been furthered by its foreign connections which has yielded commodity aid and dairy technology which have had to be distributed according to some public criteria. Through its connections to the dairy producers at various levels and to the central government and international agents, the NDDB can operate in both private and public space.

7.1 The Link to Cooperative Production

Up to a certain point, Operation Flood is a cooperative programme in that each village cooperative society elects a representative to their district union which in turn elects a representative to the state federation. Hence, there is democratic representation up the line. Even at this point there is some irregularity because while agriculture and cooperatives are both explicitly regarded as private territory according to the first two five year plans and the Industrial Policy Statement of 1948 revised in 1956, cooperatives in reality are handled as public entities by the state. Indian cooperatives are generally financed and administered through the government; every State operates a government cooperative department headed by a Registrar of Cooperative Societies. Dairy cooperatives are subject to State cooperative laws and the control of the Registrar. They are audited by the cooperative department found in each State. Most cooperatives receive government subsidization in one form or another, i.e. capital provided to credit societies and cooperative banks, direct financial assistance for marketing and supply cooperatives, the loan of government personnel for management help and the training by government agents of cooperative person-

nel. The degree of separation of cooperatives from government departments varies. Cooperatives generally operate in fields where private enterprises also exist. Encouragement for cooperative production in the First Five Year Plan was further emphasized in the second; 'the principle of co-operation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along cooperative lines' (Second Five Year Plan: 45)

Aside from this, how representative is the dairy cooperative? Village cooperatives are open to all producers and are self-controlled in areas of operation which are mainly confined to the village level. In the words of cooperative management, however, 'the other requirement of linkage with the surplus-generating markets is met through effective representation, though not participation, in the decision-making process of union and federation' (P.S. Jain in Nagabrahmam, 1983:34). What the point of genuine representation is without the possibility of effective impact on policy through participation is not further elaborated. Village societies are significant because they provide legitimacy (credibility in the language of the managers) through mass involvement.

Unions find representation in federations via the Board of Directors of a Federation and the Programming Committee. The first consists of all the chairmen of the union members, the full-time managing director-cum-chairman of the board, a dairy expert, and the Registrar of State Cooperative Societies; the latter of the managing director of the federation who acts as chairman of the committee, managing directors of the member unions, chief financial executive and chief quality control executive, both of the federation. The Board of Directors seeks to further cooperative activity (often through political channels) and at times provides business leadership. The Programming Committee is concerned with operational matters. Decisions made there provide an agenda for the federation management in terms of what they need to implement.

The argument of limited autonomy made for village producer societies is also applied to unions (D. Nagabrahmam and S.J. Phansalkar in D. Nagabrahmam, 1983:11). Unions have their own Boards of Directors and formulate their own policy but they are subject to norms and standards set by the federation regarding union business practices, quality control, volume of production, product line and so forth. Unions are left primarily to handle procurement and processing. The chairman and managing director of a union must balance

the demands of their member producers on the one hand and those of the federation on the other. A series of candid statements made by three different managing directors illustrate well the dilemma:

...when I go to the Programming Committee, I am safe-guarding the interests of my dairy and all of us have the tendency to establish our own power centre. We, who are professional managers, do understand that it is not possible to eliminate this feeling even among us. Board members have their own alliances in their local areas. They have to face a lot of pressure and therefore they want something where they can take decisions and provide patronage to people. (Ibid:13-14)

If the Federation is going to purchase major items, if it is going to handle all the marketing and is going to decide procurement prices and product prices, what are we here for? We cannot blame the politicians because they are subject to their own pressures and when we run a dairy with a business of 50 crore, opportunities for offering patronage are created. Therefore the job for us professionals is to balance these political pressures at the local level with the support of a co-operative structure. (Ibid: 14)

It is clear if we increase the scale of operations in order to have better bargaining power in, say, awarding transport contracts or sale of scrap or construction activity and centralise these functions, then we could achieve better efficiency and economy. But we would be completely eliminating the advantage of ensuring some measure of autonomy and participative power to the local leaders. (Ibid)

Federations are repeatedly depicted as deriving their role from the union members yet a debate still lingers as to whether federations are independent entities or are truly joint creations owned by the unions. 'There is no doubt that while legally it may be a separate corporate entity, in reality and in substance, Federation is really composed of member-unions, which, in fact, also own it. It is therefore correct to say that Federation exists for furthering the interests of the member-unions'(J.J. Baxi in Nagabrahmam, 1983:2). Yet the relation is not as harmonious as this statement portrays. Federations enjoy substantial freedom in their mode of operation, including the ability to follow policy and decisions which go against the short-term interests of particular unions in order to maintain an overall collective, long-term interest. To pursue an unpopular course, the concerned federation entreats its members to develop a long-term perspective which may entail instances of sacrifice for an individual union (Ibid: 5). The importance of discipline and of a healthy (smooth) joint operating system are stressed. Federation management notice that this was more easily done in

the past when union representatives did not intervene much in policy, did not question their role and acted less politically. Favouritism for weaker dairies and restraint on stronger ones was practiced in order to achieve an ultimate balance, justified by a spirit of give-and-take appropriate to cooperative functioning. Practically viewed, there seems minimal recourse for a union which opposes a given course of action.

Under a list of possible issues in the working of a federation, number one is the total acceptance of a federation by its member unions as their indispensable part (Ibid: 6-7). Also listed is that the formulation of production and marketing policies is done exclusively by the federation. This means that the Programming Committee determines a single pricing policy for milk and products obtained from various unions and the product mix produced by them. The federation also owns the umbrella brand-name of products produced by the unions. Quality control hence becomes a federation function in order to guarantee standard quality in products which are produced by various producers. The single brand-name of a federation was instigated in order to minimize competition between unions producing similar or identical products under different brand names and to keep down the starting costs required in launching a new product on the market. The federation also plays a balancing role in the distribution of milk between the demand and supply situations of the various district unions and State federations.

The board of the newly merged NDDB, which makes most major decisions impacting on the cooperative dairy sector, makes no provision for direct farmer representation. Every board member is a nomination of the Government of India (GOI). Sitting on the new board will be one representative from the GOI, the Chairman of the State Cooperative Federation, one expert from outside and three senior executives from the NDDB (Lok Sabha Debates, August 25, 1987). The cooperative structure has recently been extended to the national level in the National Cooperative Dairy Federation (NCDF) of India. In the division of labour within the cooperative, this national body is responsible for policy while the other levels are involved in functional tasks such as production, procurement, processing, and marketing. The national forum has been known to impose its policies (closely aligned with those of the NDDB) on the States through highly politicized means. When States have requested permission to set up dairy product plants in conditions of surplus milk, approval has at times been denied on the grounds that it is

more efficient to utilize the plants in Gujarat. It is likely that the Gujarati lobby at the centre has influenced these kinds of decisions in order to protect production levels in Gujarat. The degree of separation between the NCDF and NDDB does not seem to be great, partly evidenced by the continuing favouritism toward Gujarat by these national dairy bodies (see P. Terhal in Doornbos et al., forthcoming: chapter 4 concerning regionally skewed dairy policy and investment).

Dairy planning in India is quite centralized in the NDDB notwithstanding the expectation of decentralization through cooperativization. The NDDB plans the cooperative dairy programme on a national scale, implements the programme through the Operation Flood project which it created, applies the standard Anand model borrowed from the cooperative dairy in Gujarat in order to organize producers, controls and allocates funds derived from the sale of gifted milk commodities as well as from other sources, determines the technological interventions (cattle feed plants, feeder balancing dairies, product manufacture, artificial insemination facilities, transport and chilling facilities) and coordinates the procurement/processing/marketing network of the project. Granted, the NDDB is an apex agency over a vast technocratic structure hence is not directly involved in all the layers for day-to-day operations, but the input of the cooperatives in any vital structural decision-making is difficult to find. B.S. Baviskar (1984: 17 mimeo) finds that some elected representatives complain that they are no more than a rubber stamp for decisions made by managers and technocrats.

According to the Anand model, the unions should own the district dairy but this is rarely if ever the case outside the showcase example of Anand⁴. The pricing of milk is set at State federation or district union level (Baviskar, 1984: 15 mimeo) but in collaboration with public State officials and within broad national guidelines. Cooperative members have had to go on strike when milk prices were insufficient to cover the costs of production indicating their lack of influence in the State federation (Baviskar and George, 1988: A-40). In several cases it has been difficult to cooperativize dairying at the district and State levels, usually due to resistance from previously existing dairy structures, giving rise to an interim body called the State Dairy Development Corporation (SDDC) whose task it is to substitute for milk producers' representatives, managers and technicians until these can be organized and trained in cooperative dairying (S. Paul, 1982:28). An

arrangement where authority over cooperatives is exercised by a non-cooperative apex agency weakens the claim that member-producers control the dairy structure.

The cooperative arrangement offers to producers the opportunity to sell their milk to a constant market for a constant price and the provision of some inputs such as animal husbandry and health personnel and facilities, fodder and feed, training and technical advice. Beyond this there is a lack of enthusiasm for and participation in dairy affairs at a level higher than the village. Dairy cooperatives have been compared to the cooperative sugar producers of Maharashtra who are far more involved in wielding influence in higher circles and in other bodies of influence outside of the cooperative itself (Baviskar, 1984:16 mimeo). The subsidiary nature of dairying as compared to agriculture may be one reason for this disinterest but certainly the concentration of power within the NDDDB accounts for some of it as does the fact that elected representatives are subordinated to managers and technocrats in decision-making (Ibid.).

One justification for concentration of control in an apex agency is 'the dominant role of specialized knowledge and scale economies in many programs' (S. Paul, op. cit.:195). The importance of technical competence is emphasized by the management of NDDDB to create the perception that its institutional role is indispensable and unchallengeable by non-experts. In short, the role of cooperatives has at times been restricted to implementing decisions made exclusively by the NDDDB. At the same time, implementation which is inclusive, utilizing the services of both cooperative structures as well as some state agencies, contributes to the image that dairying is still a decentralized State function as was originally planned by the Ministry of Agriculture.

Harkening back to the Rudolph model, the NDDDB appears to have shifted in position from a demand group to an organized interest entity. Originally the cooperative dairy was a grassroots groundswell organized by the farmers themselves. As a wholly autonomous entity, it attained its stature through its own initiative in competition with other public and private actors in the sector. Its strategy, however, was expressed in mainly formal channels such as State and national legislatures and the Congress Party. The cooperative's skill in lobbying was well developed. Having attracted the attention of the central government, and later, that of aid agencies, the cooperative was in a position to negotiate closely with the state without succumbing to a loss

of autonomy. When the NDDB decided to 'professionalize' its image, the focus of the organization shifted from the Patidar producers to managers, dairy professionals, technocrats and other experts. Over time as the cooperative extended beyond Gujarat, the farmer base (which usually falls in the unorganized interest category) was overshadowed by a new dairy elite who had education, technology and organization on their side. As social differentiation took place in the organization, the farmers' voice was often lost in the new mode of communication the organization used to communicate with its members and other outside actors. In some circumstances, the farmers would again resort to demand strategies to obtain concessions from their own interest organization. Knowledge of legal and legislative institutions meant that the NDDB elite could better set and implement a particular dairy agenda.

The NDDB has both extended and consolidated its reach without losing vigor due to fragmentation. Hence, the organization can 'command' conformity at various levels where once it demanded a place for itself among pluralist interests. Taken in its entirety, the NDDB organizes more closely to corporatist principles - politically, socially and economically - than it does to the Rudolph framework. Defying the trends of state domination and involution, the cooperative dairy strongly maintains an autonomous power position while yet negotiating with the state in a mutually supportive arrangement.

7.2 The Link to Public Interest

However short the role of cooperative representation may fall from the ideal, the presence of cooperatives in the structure of Operation Flood legitimizes the control of private milk producers by a non-representative apex agency. Along with this private linkage goes a public link which is equally vital. There are several ways to locate the public link. One is in the legal structure of the NDDB, another is through its relations to the centre and a third is in its international appeal. As found in the ambiguity of cooperatives, the NDDB also operates with unclear status. The institution changes its claim to capitalize on various opportunities (Baviskar and George, 1988). A registered society, as the NDDB is legally defined, is an autonomous government body with a wide margin of freedom in its policy-making and programme planning as well as in the composition of its personnel (S. Paul, 1982: 26-9 for paragraph). Financially, a registered society, like a

trust, is expected to receive most of its funds as government grants subject to approval by the Parliament. Societies are audited by government auditors and their expenditure is prescribed by agreement with government norms. The NDDB was a non-profit organization prevented by law from carrying out commercial activities such as importing, exporting or lending. As a technical advisory body it was not expected to engage in large capital transfers. When the opportunity arose to finance OF through the receipt and sale of gifted dairy commodities from the EEC, the NDDB found its role limited due to legalities and constrained by cumbersome accounting procedures. It is not by accident that the Indian Dairy Corporation (IDC) was established the same year as OF. As a public corporation the IDC could assume the rigors of financial accountability to the government while simultaneously releasing the NDDB from these constraints as well as providing funding to the NDDB separate from government sources. The NDDB finally found its operational autonomy matched by financial autonomy. The NDDB has sworn an affidavit before the Bombay High Court that it is not a government agency (Alvares, 1984:38) but perhaps a better indication that it leaned more toward the private sector is that in order to gain access to the funds generated by the sale of dairy commodities it had to create a wholly public institution (IDC) with the legal right to engage in commercial activity on behalf of the government. Though the NDDB is spending what can be classified as public monies without going through the normal channels of accountability in the Parliament, it is 'checked' by the IDC which is subject to normal public accounting procedures and accountable to the Committee for Public Sector Undertakings in the Lokh Sabha.

NDDB's relationship with the centre is extraordinary. The new NDDB is officially recognized as an 'institution of national importance'. Legally this does not confer special privileges to the NDDB but it signifies a status position superior to other dairy institutions. It is gestures such as this which give some institutions an induced autonomy permitted by the government exceeding the legal limits of its charter. The degree of financial autonomy for the NDDB made possible by the IDC left the NDDB with uncharacteristically little accountability in an economic system usually beset by regulatory devices and controls. The Ministry of Agriculture was and is intended to be the supervisory body of the NDDB but Mr. Kurien, chairman of both the NDDB and IDC, clearly felt the Ministry was restricting the smooth implementation of the programme (S. Paul, 1982: 35). In his view the Ministry's role

extended to providing funding for the NDDB and checking performance through periodic reviews (Ibid.). In the balance of forces of those institutions involved in dairying, the position of the Ministry has generally lost ground to the NDDB basically because the NDDB has more leverage in negotiations with the States and centre as will be discussed later. Given that the chairman and board of the NDDB and IDC were the same, it is not realistic to expect that the IDC ever performed an independent regulatory function toward the NDDB as there never was any separation of will between one and the other.

The cooperative rationale of accountability is that in order to compete effectively, the dairy needs, among other things, to encourage a professional advantage. The creative potential of such expertise should not be hampered by state regulation which has a limited tolerance of unbridled market behaviour. In the absence of government control, however, internal control must be established. This is accomplished by the unions' 'effective representation' in the federations' Boards of Directors and in the Programming Committees which influence federation activity. Vice versa, federations have a supervisory role over unions. In this structure not only dairying functions get done between the two levels, but it also provides a system for lower ranks to influence higher policy while the higher rank coordinate the activities carried out by the unions.

Mr. Kurien says he is accountable to the farmers and that it is his desire to be their employee, not that of the government (Kurien,1983a:3). Contradictions undermine this sentiment. First, the board of the NDDB which he is largely responsible for forming includes the Chairman of the State Federations as the sole farmer representative (Lok Sabha Debate, Part II, Aug. 25, 1987). The number of cases where State Federations are headed by government officials or are replaced by State Dairy Development Corporations (non-elected) combined with the weakness of farmer influence in the Federations confirms the lack of commitment by the board for genuine farmer representation. Secondly, the board is under no obligation to implement farmers' wishes while it can wield powerful instruments to elicit cooperation by the States and the central government. Finally, as Baviskar and George have pointed out, this kind of claim in effect absolves one of any accountability 'for your constituency will make few demands on you, being scattered, relatively powerless, and ignorant of the English language in which your fine rhetoric is voiced' (1988: A-40).

A special steering committee was established by the centre to facilitate the clearance of NDDB/IDC proposals comprising the Secretaries of Agriculture, Planning Commission, Economic Affairs, and the Chairman of the NDDB (S. Paul, 1982). The new statutory corporation of the NDDB is expected to require even less government approval of its activities than a public company hence this committee will be dissolved (Jha Report, 1984: 86). The board of the NDDB will have only one representative from the central government (Lok Sabha Debate, August 25, 1987). Not only the NDDB but the IDC enjoyed extensive autonomy. The role of the IDC was envisioned as similar to other development financing institutions, i.e. The National Bank for Agriculture and Rural Development (NABARD), the Industrial Development Bank of India (IDBI) and the Industrial Finance Corporation (IFC). The Jha Report states, 'These and other major financial institutions ... and statutory corporations enjoy a great deal of operational autonomy, which do not have to seek the approval of Government at every step like many public sector undertakings ... and do not have to follow the guidelines of the Bureau of Public Enterprises, GOI' (p.85). The afore-mentioned institutions including the IDC and NDDB have also been granted income tax exemption (Jha Report: 87). Further favours are yet planned for the NDDB. For example, authority over the cooperatives may be transferred from the Registrars of Cooperative Societies to the Milk/Dairy Development Commissioner because the former are said to not always promote dairy cooperatives (Ibid.: 82). While this transfer has already occurred in some States, further changes may include alteration of the cooperative by-laws to reflect the special need for flexibility in organizational and administrative matters in the dairy cooperatives (Ibid.).

So great is the central government's confidence in the positive effect of the NDDB's institutional role in organizing production that it has allowed the NDDB to organize other sectors, i.e. oil seeds, fruit and vegetables, horticulture, agriculture and fisheries. This spread of activities has sometimes necessitated modifying the memorandum of association (terms of reference) of the NDDB. The word used by some Members of Parliament to describe this process is 'encroachment' and they express concern that the long arm of the NDDB grows yet longer while that of the Ministry of Agriculture withers (Lok Sabha Debates, August 25, 1987). All of this points to a remarkable situation in which the state further empowers the NDDB without holding it to normal procedures of accountability to the Parliament⁵,

in the process further obscuring the public or private boundary of the institution. The difficulties this must create for other dairy efforts subject to the normal limits of one sector or the other can well be imagined. And yet, criticism from one side or the other is effectively deflected by the NDDB because thanks to the duality built into its structure, it can point to aspects supporting its claim of either belonging to the public or private arena according to whatever claim will disarm the critic (Baviskar and George, 1988: A-41). In Parliament where the central government is still bound to answer questions relating to statutory corporations, criticism seems to bow before the force of a programme projected internationally as a success story.

A recent institutional intervention, which is characteristic of the cooperative dairy's ability to provide the institutional variations necessary to its welfare, is the establishment of a technology mission in dairying headed by V. Kurien. As in the past, it is likely that it was through personal political contacts that specifically the dairy cooperative sector was chosen as eligible for a technology mission. Similar to the process by which the IDC was constructed as a public entity to facilitate the financial needs of the NDDB, the technology mission, also a public entity, performs a similar role for the NDDB in the area of technology. The mission becomes in essence another public arm of the NDDB with a great deal of authority. V. Kurien is chairman of the dairy technology mission while his friend Sam Pitroda is secretary to the government in charge of all the technology missions. The dairy mission's task is to integrate and coordinate technology intervention in the dairy sector. The kind of interventions it can make are both micro- and macro-level. For implementation it works through the vast institutional network already in place at all levels. Again, we see an example of policy centralization which looks decentralized due to its mode of implementation. How the cooperative dairy sector, personified by Dr. Kurien, managed to accomplish this new institutional feat in the face of certain opposition by the Ministry of Agriculture which is wary of the NDDB's autonomy, attests to skillful political manoeuvring. The capacity of the NDDB to develop appendages as needs arise furthers its autonomy and also deflects attention from the primary source of authority (the NDDB) toward other actors with a perceived amount of independence (i.e. the NCDF, the technology mission, the IDC in the past). Ultimately, there is little doubt

that the NDDB is in the pivotal power position with V. Kurien acting as a prime actor in most of the important fora.

Internationally OF has attracted and in fact was made possible by substantial aid from a host of sources such as the EEC, World Bank, World Food Programme, FAO, UNDP as well as from a number of dairy-surplus countries, i.e. the U.K., the U.S., Switzerland, Denmark, Sweden and The Netherlands. Whether this aid came in the form of dairy commodities, capital loans or technology, most of it was funneled into the OF programme. Consequently, strictly public or private dairy efforts had no access to these public resources. The NDDB does not develop dairying through enabling all actors to enjoy equal access to public resources but devotes its energy to the strengthening of OF thereby further handicapping other actors. Due to a lack of private or public control of the NDDB, there is little external supervision that the tremendous flow of resources is optimizing the benefit of the producers which is ostensibly the claim. What other potentially successful alternatives are being sacrificed because of the one-track flow of resources to OF?

S. Paul writes:

Of necessity, public interventions tend to bestow monopoly power on program organizations and networks which have no competition to contend with. A single, large bureaucracy to deal with a sector, subsector or commodity may be appropriate in the early development phase of a programme when private alternatives may not exist or are inadequate. On the other hand, as programs reach maturity, their monopoly power may well go against the interest of beneficiaries (1982: 242).

The NDDB is a public intervention given monopoly power if judged by its privileged access to public resources and the state. But the contradiction is that competition did exist, private alternatives existed and eighteen years far exceeds the conceivable time span for an early development phase. Unfortunately, at its point of maturity the NDDB has largely precluded other possibilities; the scale of the OF project is simply too big and represents such a vast public investment that it would be irrational to change direction now. It is past the point of return.

As for the beneficiaries (producers), in the breakdown of things they benefit less than other aspects of the programme as reflected in the pattern of investment: under OF II 5.7% of investment is planned for production, 24.6% for procurement, 40% for processing and 23% for distribution (World Bank, 1978). Procurement price in Amul (Anand Milk Union Ltd.) Dairy, the

commercial dairy originally attached to the KDCMPU and whose ownership is shared by the current Anand union, lagged behind the retail price of milk, the price of foodstuffs and the prices of commodities in general (George, 1985: 199). The distribution of dairy profits which is divided between producer payment, inputs to producers and retention as assets for the future is skewed toward retained earnings to finance future investment and growth (Ibid.; Singh and Kelley, 1981: 110).

Capital investment reflects the bias toward manufacturing and marketing at the expense of producer aid in the form of inputs such as health cover for the animals, stock upgrading, fodder availability and so on (Jha Report, 1984:35; Doornbos et al., forthcoming). Capacity in some areas such as cattle feed plants is underutilized. Rural feeder dairies (for pasteurisation), balancing dairies (for skim milk powder and butter oil production from surplus fresh milk), metro dairies (for milk reconstitution), rail and road tankers and bulk vending outlets consume a large chunk of the OF budget. In light of these investment priorities, questions are raised as to the significance of the cooperative essence. One critic has called Amul Dairy 'a joint stock company in the garb of a cooperative' and the World Bank has said of OF that 'Cooperative unions and federations of unions would ... be registered under the Cooperatives Act ... Capital however would be structured in a manner similar to institutions formed under the Companies Act' (World Bank, 1978: 22).

This situation prevails despite Dr. Kurien's idealised imagery of producer autonomy, of his sense of service to them, and the promises of evaluation reports that adjustment would take place in favour of production (FAO, 1981:appendix X).

7.3 NDDB and Leverage

It is through new monopolistic access to resources made possible by foreign intervention that the balance of power between dairy efforts has shifted, augmenting the weight of NDDB vis à vis the others (Baviskar and Terhal in Doornbos and Nair (eds), forthcoming). OF gave NDDB its leverage to become a corporatist partner of the state. NDDB obtained resources which the state also deemed useful and relevant to state development efforts: access to funds and foreign technology, a network of indigenous and foreign contacts, receipt of dairy commodities that could help to satisfy urban demand at a favourable consumer price. Besides developing a highly advanced

material infrastructure for dairying purposes, OF is also a repository of specialized expertise in dairying.

The sheer force of the image of the NDDB acts as a catalyst to negotiations with States and the centre. When the NDDB approaches the States with dairy package in hand, there stands behind the offer ranks of believers from national and international circles of power, pressing for an ever-widening embrace of the programme. World-wide approbation of OF and the various evaluations from the WFP (1972, 1975, 1981), FAO, World Bank (1977), and the GOI (1984) which enthusiastically assert the success of the programme render it politically difficult for Parliament or others at the centre to act as a countervailing force. Each side has its reasons for joining in the acclamation for OF, keeping in mind the former presence of dairy surpluses in the EEC, the technology-heavy pattern of investment and the political expediency within India of being able to satisfy the strategic urban voting bloc by providing milk at a subsidized rate⁶. 'Arms' of the NDDB such as the technology mission and the National Cooperative Dairy Federation retain policy precedence over States in matters pertaining to the dairy sector. How these institutions exercise their authority will be clearer after some time has passed.

The NDDB has always had political clout mainly due to its precursor, the Kaira District Cooperative Milk Producers Union (KDCMPU) in Gujarat. Some of the Patidar landowners and cultivators originally involved in the KDCMPU from its beginnings in 1946 were active in the independence struggle (Patel, 1984). Subsequently they remained important in the Congress Party, obtained prominent positions in the post-independence Government of Bombay and central government and were active in Parliament (Ibid.). In other words, they were well placed to protect their interests as agriculturalists and dairymen of national renown. There is no doubt that this association between the Patidars and the state machinery paid off. '...the Union often resolved its problems by political lobbying, particularly in the beginning' (Singh and Kelley, 1981:59). Caste solidarity also played a role as this group was almost entirely composed of Patidars (identified by the surname Patel) scattered with a few Anavil Brahmins (bearing the name Desai) who form the upper crust of Gujarati society. Shanti George (1985:4,6) describes OF as an 'elite-led revolution' not only because of the caste and class (land-owners) associations of the Patidars and Desais but also due to the Western,

urban sympathies of the technocrats who have gained prominence in the organization.

S. Patel (1984 for following two paragraphs) suggests that it was the Patidar lobby at the centre that induced the formation of OF from which the homeland of the Patidars, Kheda district in Gujarat, has received such disproportionate benefits⁷. S. George (1985:150) cites that Gujarat received one fifth of the financing available for eleven States and that Kheda district under previous programme arrangements received funding entirely as a grant whereas in most cases a certain component of funding is on a loan basis and some districts have difficulty getting any funding at all. The FAO Terminal Evaluation Report on Operation Flood I (1981: 52) also discusses the uneven investment pattern within Gujarat State. The KDCMPU was able to prevail over Polsons Dairy (a private enterprise) and the Aarey Milk Colony (a public enterprise) for control of the Bombay milk market as well as elicit central government and international agency funding through the influence of its political cadre. Milk producers were mobilized in the villages by people who were often associated with the Congress Party.

But once the initial campaign was over, Tribhuvandas Patel, founding father of KDCMPU and a recognized politician, severed ties with the political front. Technocrats and managers were projected into the limelight. To say that only professionals could serve as well-informed partners to the state in dairy policy-making is to put too much faith in appearances although it suits well a corporatist pattern. In reality, however, professionalization can serve several purposes including ones not pertaining to corporatist ends. A depersonalized, depoliticized leadership becomes the result of professionalized decision-making. Yet, two thirds of the current Amul dairy directors in Kheda (whose State federation is now known as the Gujarat Cooperative Milk Marketing Federation (GCMMF) headed by Dr. Kurien) are Patidars and while technocrats may occupy high positions within the dairy as managing directors or senior executives, places on the board and the position of chairman are dominated by Patidars. Dairy federations such as the GCMMF regulate relations between dairy inputs, the producers, and disposal of the product and provide an institutional framework of vertical representation. The dairy asset (i.e. Amul), owned by union members, has its own powers of decision-making, the locus of which is the board. The owners theoretically have a voice in decisions of the dairy. The delineation of territory between union dairies and federations regarding decisions about aspects such as

producer prices and product line is not always clear. Dairy directors still make most weighty decisions based on their accumulated knowledge of dairying coupled with political experience and are not necessarily dependent on outside professional advice. Shifting the perception of power from the Patidars to technocrats was done in order to mitigate political factionalism within the ranks of the KDCMPU and also to attract wider participation in cooperative dairying in areas where the Patidars were a minority and could not expect caste or political support. Power in the NDDB is not overtly personified by a few politically-involved Patidar individuals as it was in the KDCMPU. Whether this influence was shifted to a managerial technocratic corp or was retained behind the scenes in the same hands is not very important to the argument here. More relevant is that the NDDB's potential to exercise power no longer depends primarily on individuals. Its leverage through massive resources of funding, technology, knowledge and personnel in addition to its impressive image polished by occasional evaluation reports is enough to obtain the desired result.

7.4 The NDDB and Other Actors

In conformity with monopolistic interest representative bodies found in corporatism, the NDDB tries to integrate decentralized pluralistic dairy systems found in India into its OF programme. Both the state and the NDDB reiterate the need for harmony between the dairy actors but this agreement or consensus demands that others find a way to cooperate with Operation Flood rather than the reverse. While the NDDB has throughout its existence been legally defined as a technical advisory body, its most notable role has been an aggressive pursuit of policy and programme planning coupled with programme implementation. Continued compliance with its agenda has been mainly achieved through rewarding participants with financial and technical benefits. Political support for the programme and the effect of its image have been secondary inducements.

Because the cooperative dairy is not privately owned and controlled, this necessitates a certain amount of interaction with the political-bureaucratic establishment (P.S. Jain in Subramaniam, 1983:30 for next two paragraphs). A fundamental strategy of the dairy, particularly by the federations and the NDDB, is to mobilize political and administrative support at national and State levels. The assumption is that failure to do so will open the sector to excessive external pressures. Yet approaching the state

too closely poses a threat to free interaction with the market if the government decides to impose regulations. The dairy feels that state interference may stifle professionalization in favour of bureaucratization.

Dairy unions and federations try to generate economic surplus as a consequence of their processing and marketing functions. This course of action principally requires technology and professional expertise. However, in order to gain a competitive edge or even maintain its current market position, the dairy also needs to elicit political and institutional support while minimizing public regulation. Internal regulation takes place through the system of 'effective representation' by the unions and supervision by the federations of the unions. Financial resources which are in particularly great demand at the start of a cooperative are usually provided at least in part by the former IDC. With technology, expertise, accountability and financial resources thus provided, the last aspect - political and institutional support - is normally handled by federations and the NDDB. On a national scale, the NDDB regulates market forces and mobilizes environmental support. The federations are the entities most often in confrontation with competitors as they endeavour to extend the OF programme against the backdrop of other strategies. This arrangement creates a buffer for unions to operate to the best of their professional ability without contending with external obstacles.

A description of how OF is replicated at the State level illustrates in part how the NDDB negotiates with other agents. When the Anand pattern extended from a two-tier (village-district) to a three-tier (+State) model, the cooperative had to integrate with pre-existing State dairy departments. One aspect of this integration involved shifting dairy authority from a ministry official to an elected cooperative chairman. Public dairy personnel often felt threatened by the transition because the past system of a decentralized dairy sector managed by States could not hold its ground and still make room for cooperative dairying; the implication was State withdrawal. The first step in implementing OF is to get agreement in principle by the State government to the project. Then the State, in negotiation with the NDDB, submits a dairy plan in conformity with OF objectives. If and when the IDC approves the plan, it makes funds available. If the federation needs a loan to get the project off the ground but does not have sufficient assets for collateral, the State is expected to guarantee the loan. In order to

audit a federation, the State must establish an independent auditing board rather than use its own institutions. Technically, on paper, pricing for both consumer and producer prices is determined solely by the cooperative, however, in practice, State and central government priorities and policies have an input in the process. A significant element of the NDDB/State agreement is the transfer of public rural dairies to the cooperative sector. As the programme continues expanding, local autonomy and specific priorities diminish under the pressure to conform to the needs of centralization and standardization.

The NDDB utilizes various agents in implementing its programme that includes government officials (political leaders and bureaucrats), public institutions, international aid agencies, farmers' cooperatives at various levels, spearhead teams to mobilize cooperative organization at the grassroots level along with their counterpart teams who sustain the impetus after the initial effort, State level leadership including that found in the State Dairy Development Corporations. However, the network cannot be characterized as a relationship of reciprocal interdependence. The NDDB was the 'supreme integrative mechanism'. S. Paul says, 'There was... no single organization which had complete authority for the integration of functions in Operation Flood' but he goes on to say at the end of the paragraph, 'Though it had no hierarchical authority to control the entire network, NDDB acted as the coordinator of the linked organizations' (1982:175). He argues that the NDDB does so not through the exercise of authority as a primary source of power but through 'lateral influences' which correspond to the means of leverage previously mentioned. If a body enjoys exclusive access to that leverage then in practical terms that body acts as a primary source of power contrary to what Paul says.

In the course of carrying out its dairy operations, unions enter into agreements with relevant external actors such as transporters and retail agents (S. Subramaniam et al., 1988 for paragraph). There was a suggestion among a gathering of union marketing executives to collect a compendium of the various agreements which has been developed by the unions in order to provide relevant examples for future application and to refine the extent of contractual control. Legally, such agreements are not valid binding contracts. Some milk retailers have occasionally claimed union employee status because they work at least 'full-time' selling dairy goods and receive a commission at the end of the month as a sort of wage. Moreover, retailers

- besides personally attending milk collection, sale and accounting - are expected to strictly follow terms and conditions set down by the union. In a court case over employee status between retailers and the dairy union, the retailers lost the case. As retailers increasingly unionize, the dairy cooperatives are anxious to minimize this trend through its own labour agreements with the retailers.

Since the 1950's various programmes have attempted to encourage and improve dairying. Among those initiated by the GOI have been the Key Village Scheme, Intensive Cattle Development Scheme, the Small Farmers Development Agency, the Agency for Marginal Farmers and Agricultural Labourers, the Integrated Rural Development Agency as well as the normal activities of the Ministry of Agriculture. By the mid 1960s India's dairy sector had four main subsectors: a) a small number of modern, private dairies procuring milk from private or cooperative sources; b) a traditional sector of traders and middlemen obtaining their supply from urban cattle holders and rural farmers; c) public dairy projects with access to government owned processing facilities with civil servants as personnel and their source of supply coming from middlemen and cooperatives, and d) a small cooperative contingent based on the Anand model (Paul, 1982: 18).

Private traders are in a fairly strong market position due to various strengths in their sector. The product line offered by private traders can be quite diversified and tailored to local preferences. Private decision-making is faster and more flexible, responding with greater agility to market conditions. Traditional traders can offer special services such as door-to-door delivery, provision of credit and may have a long association with their clientele. Private sector milk may also be more conveniently located or of higher quality or fresher. In response, the cooperative has had to develop aggressive marketing strategies. These include advertising through various media, 'educational campaigns' as to cooperative dairy advantages, negative advertising against their competition, etc. One suggestion was to develop a supply link from the cooperative village suppliers to the private traders (in place of a supply from independent producers), and then, when the traders were dependent on the new supply, to suddenly cut it off. This would destroy the old supply network as well as disturbing private distribution in the cities and towns.

The public sector was charged with the normal litany of complaints, i.e. it was inefficient, badly coordinated, inflexible in its structure and

personnel were not always committed (Ibid.). The private sector was accused of exploiting producers (mainly through supplying loans and thereby using that bondage to keep procurement price low) and not satisfying social needs in that it concentrates more on selling milk products instead of liquid milk (for lack of processing and transportation and storage facilities) and what milk it does sell is contaminated and adulterated (George, 1985: 217, 219, 220). Urban herds were depicted as a public health hazard. However, the small cooperative sector eventually obtained a monopoly position over the others in policy-making at the top not because of the failures of the other subsectors so much as because the cooperative structure became a favoured cause of the recently independent state both at central and State level (Ibid: 172-5). Of course the Patidar farmer/politicians were in a strategic position to make the most of the ideological agreement between the state and the cooperative. Later on NDDB's position was fortified by its equally effective appeal to foreign aid agencies.

Eventually, when the center felt its ability to steer the NDDB had diminished too far, the Jha Report, a government evaluation of the project, attempted to shift the balance. It states:

...the State authorities want to have a bigger say and role in the operation while the IDC is anxious to minimise, if not eliminate, any form of governmental interference whatever in its working. We feel that there is a strong case for closer cooperation and coordination between the activities of the State Governments and the IDC and the NDDB....

In pursuit of such cooperation, the Report makes a number of suggestions: a) State governments enhance milk supply in non-OF areas, using resources allocated from the government plan but also from IDC resources as well as obtaining technical advice and assistance from the NDDB (p. 80); b) State authorities play a role in veterinary care, artificial insemination, finance for cattle purchase etc. in OF II (second phase of OF) areas (p. 81); c) cooperative assistance to non-member producers for a fee (Ibid.); d) officials from the State governments should sit in cooperatives at the State federation level to coordinate cooperative activities with official rural development efforts and the provision of services to producers which will become a burden shared by State officials and cooperative staff (Ibid.); e) deputation of government officials be used in some cases at the initial stage to develop cooperatives at union and federation levels if there is difficulty in launching the programme (Ibid.); f) in areas where milk supply is too low

to carry out the OF programme strategy, both the State authorities and the IDC/NDDDB work together to develop (non-OF) areas so that these areas may be suitable for cooperative dairying in the future (p. 93).

Overall, the Report asserts that a merged NDDB/IDC will not take away any former autonomy but at the same time will not diminish the responsibility of the Ministry of Agriculture to 'guide, oversee, and assist in the dairy development programme of the country as a whole, whether under OF or otherwise'. Indeed, OF's success will depend on the cooperation of the State and central governments and their agencies (p. 88 for remainder of paragraph). Interestingly, the Report points out that the Dairy Division of the Ministry of Agriculture has diminished in importance and size but does not explore what forces have caused this decline. Its recommended solution is an infusion of qualified technical personnel and the presence of someone at the top who can elicit cooperation from Ministries and State governments in implementing OF as well as protecting and developing milk production in non-OF areas. At issue is the imperative to ensure balanced dairy development in both OF and non-OF areas alongside a public effort to aid in the realization of objectives.

The NDDB's response to the Jha Report reveals their interpretation of the relationship between the NDDB and the government. In their view, government representation on the NDDB board should be minimal and restricted to officials instead of political personages (p. 24). The role of government officials deputed to temporarily manage district unions and State federations should be to train professional managers who will replace the deputed officials as soon as possible (p. 24-5). The NDDB is dissatisfied with cooperative bye-laws, particularly in relation to cooperative audit, and recommends the establishment of a 'cooperative company'. Although the membership and voting pattern is mentioned of this envisaged entity, auditing and accountability is not specified (p. 25-6). When the Jha Report says that the NDDB and IDC should play a role greater than the confines of OF, i.e. providing funds and technical assistance for dairy development projects outside OF, the NDDB interprets this to mean that the government legitimizes the NDDB's role in other areas such as oilseeds, fruit and vegetables and would support it in further project expansion (p. 27-8). The NDDB agrees to a newly merged Board including a chairman, three full-time directors, two directors from the central government and two from the State dairy federations, all appointed by the central government in consultation with

the chairman (p. 28). As for a strengthened Dairy Division in the Ministry of Agriculture, the NDDB does not comment on the division of duties between it and the Dairy Division but feels strengthening should take place through increased quality of personnel rather than through increased quantity. The NDDB finds it logical if the final technical officer to the government on matters of dairy development and animal husbandry should come from the IDC/NDDB or its newly merged statutory body in light of its (the NDDB's) ample resources of competent staff (p. 28-9).

Ideally, dairy unions and federations would also like to see a number of concessions from State and central governments (Subramaniam, 1988: 14-15 for paragraph). First is the unions' desire to set producer and consumer prices with greater autonomy. Although the NDDB agreement with the States includes this condition, it is not possible to entirely exclude public priorities in pricing policy. States which charge multi-tax on milk products or which charge sales tax on milk are the focus of collective action by the cooperative to reverse these policies. Some municipalities charge higher rent on milk booths now that they have been transferred from public to cooperative ownership. The cooperative demands the same rent as before. In States where a sales quota of milk is set on unions regardless of demand in that area, the cooperative is mobilizing to remove the quota. An old concern of the cooperative is its opposition to urban cattle sheds which it considers to be public health hazards. The cooperative feels these should be outlawed. Another old tactic is the cooperative's ability to position itself as the preferred supplier of public nutrition programmes, in this case hoping to have dairy milk included in the mid-day meal scheme for school children.

In the Lok Sabha debate (August 25, 1987) passing a resolution to merge the NDDB and IDC, there is still concern voiced by some Ministers that government representation is not strong enough on the NDDB Board, that the Ministry of Agriculture is still too weak in comparison to the NDDB and that overall the government is not doing enough to inhibit the encroachment of the NDDB into other fields. Ultimately the NDDB Board included only one central government representative, the Chairman of the State Cooperative Federation, one expert from outside and three senior executives from the NDDB. The division of labour between the NDDB and government is not an issue in the debate as is the logic of merging the two organizations which are already so closely integrated. Time will tell whether the Ministry of Agriculture and NDDB better dovetail their functions.

The final outcome of the merger does not represent any radical departure with the past. In fact the prime position of OF and NDDB is not touched - the new statutory corporation is promised all the powers it enjoyed in the past - but perhaps in holding NDDB to a responsibility greater than implementing OF the NDDB's power of exclusion will not be so strong.

In order to encourage national and international support for its programme, both financially and politically, NDDB has emphasized principles that suited well the priorities of the state and international agencies in development. Furthermore, the claims made by OF in each charter of its three phases serve to justify the ever-increasing scope of the programme and reveal the NDDB's attempt to unify the dairy sector and minimize long-standing divisions in society. Hence we find some of the following points made in the OF literature: dairy cooperatives can diminish or even overcome gender, caste and class differences; participation in dairying is scale neutral in that large producers do not gain disproportionate benefits compared to the small; poverty alleviation was a priority in the first phase but disappeared from subsequent charters; dairying could benefit the participants regardless of their size of landholding or else its total lack; OF would nutritionally improve the diet of certain target groups, i.e. pregnant mothers, children, and the urban poor (Baviskar in Doornbos and Nair (eds), forthcoming). The list could go on based on various public relations type of documents but the point is simply that in these kinds of claims the NDDB tries to attract a unified allegiance to its programme while at the same time playing down the traditional divisions in Indian society.

A last comment on the corporatist nature of the NDDB relates to its method of replicating the Anand model, a process which is aided by government intervention. The way the NDDB imposes this model from the top down eliminates the role of self-motivation found in bottom-up cooperatives and which was the driving force of the KDCMPU. Usually the NDDB first enters into negotiations with the State government and a SDCC (State Dairy Development Corporation) may result. Its task will be to propagate the cooperative structures at the district and village levels. An NDDB/state alliance can enhance the governability of this sector of production by the state and further ease the entry of foreign interests which can work through centralized channels. The expansion of NDDB into other areas of production implies further centralization, increased state access to producers and the increased possibility of foreign involvement into other indigenous markets.

The NDDB's partnership with the state and foreign agents provides it with a much stronger negotiating position when seeking cooperation with and participation in its programme. The bureaucratic bridges do not end at the border of the nation-state. While the hierarchy of the organization may legally culminate in ultimate accountability to the Ministry of Agriculture and Parliament, the role of foreign sponsors also has bearing on the behaviour of the NDDB.

7.5 Summary and Comments

Thus far in the discussion the NDDB is reasonably comparable to the given definition of corporatist social organization. Social interests which may organize along caste or class lines are said to be irrelevant in a production structure which allows all to participate equally, to benefit equally and without negative caste repercussions as milk is a non-polluting substance in Hinduism making it a 'neutral' occupation. The standard OF programme that the NDDB implements universally in disregard of particular circumstances reveals the assumption that dairying is an activity with a common mode of operation in all situations. The NDDB claims to articulate interests in a representative structure. In the absence of cooperative mobilization from among producers themselves and in view of the relatively closed structure of the NDDB to producer policy inputs, its claim to representation is highly problematic. Rather, in implementing OF through negotiation with State governments the NDDB gets its way by the exercise of power made possible by privileged access to resources nationally and internationally and the political support it receives from the government (George, 1985:175). The influence of cooperative members is marginalized due to the hierarchy of the dairy industry which allows major decision-making only at the upper levels and because the vertical functionally exclusive nature of the sector prevents horizontal solidarity across functional lines or other horizontal alliances.

The NDDB occupies a monopoly position in dairy interests and is engaged in negotiations with the state in developing public policy in that area. The state in its turn cooperates because urban consumers are more easily satisfied when foreign aid is available to subsidize the retail price of milk and production is structured in a manner more conducive to state governance. To the Indian government these advantages are a double blessing because on the one hand it can attract political support through its

attractive pricing of milk and on the other hand gain more effective control of production through centralized organizational structures. Milk can qualify as a strategic sector of production when protein-rich foodstuffs are difficult to afford by a majority of the population and its value in terms of the future welfare of the population is considered. Demand generally outpaces supply in the dairy sector. The information, capital and human resources at the disposal of the NDDB are sufficient to warrant the interest of the state. Implementation of public policy related to dairying is partially secured through the cooperative channels.

The importance of technology to the NDDB established by the level of investment put in it, has predictably led to professionalization of decision-making. What is taking place is the entrenchment of a permanent administrative staff possessing specialized knowledge and technical expertise. That cadre can become an oligarchy (Schmitter, 1974:96). Producers become marginalized as their access to resources is controlled by those further up in the hierarchy and their own reserves of knowledge are not viewed as valuable or necessary in the decision-making process. As the scope of public policy may increase due to an increasing, albeit indirect, role of the state, the new oligarchy is included as 'partners' in the public policy process thus blending public and private interests in decision-making (Ibid.).

From the outset, the NDDB portrayed public or private dairying as either inefficient or exploitative. The role of managers and technocrats and their resources of specialized information were highlighted as indispensable to responsible dairy policy-making at the centre. Milk as a protein-rich foodstuff in a country which still has severe difficulties in meeting the minimum caloric requirements of its population gives it a significant position in the political and economic struggle to satisfy consumers. Throughout its history NDDB has prided itself on improving and stabilizing the incomes of rural producers while simultaneously selling milk at a favourable price in the urban markets. In the past the state regulated prices and incomes through the Agricultural Prices Commission (1965), the intention being to provide incentives to producers while also subsidizing prices for vulnerable sections of society. Now the NDDB can perform that function in the dairy sector thanks to foreign imports. In the context of all the dairying going on in India, whether organized or not, NDDB is seen as the grand integrator and regulator, determining not only the welfare of OF

but directly influencing the welfare of all other actors in the sector. The notable exception to the production - state link is that the NDDB does not easily accept regulation from the state. It insists on market self-regulation which operates to balance supply and demand in the private sector. A pertinent question is whether the NDDB is encroaching on functions of the state, and if so, is this intentional either on the part of the NDDB or state?

In other words, is the NDDB the hub of the corporatist arrangement or the state (as is generally understood). If interests become increasingly corporatized, able to negotiate the conditions of their own existence, what implications does this have for the state? Possibly, as Cawson suggests, government will withdraw under strong societal corporatist conditions but the state will maintain its status. A fine distinction to consider is whether corporate interests and the state are mutually dependent or mutually supportive. At a level below the state, vital interest groupings may assume a position of 'relative autonomy' (Alawi, 1972). This line of reasoning does not mean to suggest that the NDDB could achieve its position in the absence of state support. Yet, in a developmental context, many projects have an international connection. Given a particular state and economic configuration, a development quango or quango may assume greater manoeuvrability in relation to the state if it enjoys foreign support. Where the state may fail to reach the most local levels of society, a quango or quango could deliver some form of mobilization and participation which often justifies programme intervention.

In the context of dairying in India, non-OF dairy efforts are disadvantaged in that the market is distorted when the public dairy budget is primarily oriented toward OF and gifted dairy commodities which subsidize the retail price of milk and its products are exclusively handled by the NDDB (Baviskar and Terhal in Doornbos and Nair (eds), forthcoming). The original Patidar hold on the NDDB, which may or may not currently exist intact, tried to marginalize both private and public dairying in its rise to ascendancy. Now it tries to integrate its competitors under the banner of cooperative dairying found in OF. Those that do not participate in the programme are cut off from the disproportionate flow of resources channeled to OF as compared to other decentralized dairy institutions. Operation Flood has benefitted from state interventions, for example the government's refusal to accept commercial dairy imports but the ease with which dairy technology and

commodity aid can be imported. In bargaining with the state, the NDDB has seen a number of policy decisions go in its favour relating to tax exemption, the dissolution of the steering committee, its need for government approval diminished, authority over the cooperatives likely to be shifted from the Registrars of Cooperative Societies to Milk/Dairy Development Commissioners who are more conducive to the promotion of cooperative dairying. Further changes may take place in the cooperative bye-laws which the Jha Report notes should make provision for a special degree of flexibility in organizational and administrative matters in dairy cooperatives. The NDDB would like to develop a 'cooperative company' to achieve this flexibility. The state has further licensed NDDB to expand into other areas of production.

The connections of the NDDB with foreign agents is a crucial factor in the kind of corporatism which seems to be operating in the Indian case. Up to a point the NDDB and others like it conform to Cawson's and Schmitter's models: interest organizations are monopolistic, limited in number, represent functional groups in society, work toward favourable public policy outputs in exchange for cooperation of its membership in policy implementation, the structure of the groups is hierarchical, they are licensed or recognized by the state and allowed a monopoly position by the state, and so on. Yet the NDDB differs in important respects from other aspects of the definitions. NDDB's membership is not compulsory but voluntary. Its leadership is neither impersonal nor coopted by the state (although its leverage has become less personalized). Most significantly at odds with prevailing definitions of corporatism is the NDDB's relationship with the state. Cawson says corporatism entails interest groups bargaining with state agencies over public policy outputs. What can the NDDB give to the state to induce policy in its favour? It is not delivering a bloc vote. Consumer satisfaction and/or rural incomes benefit is not sufficient reason to explain the extent of state commitment to the NDDB (and even these are largely made possible by foreign factors). More likely, the NDDB can deliver foreign technology and dairy commodities, expertise and specialized information, specialized and professional personnel; in short, those things that Cawson notes are important to the performance of the state in the economy.

What form does interest cooperation take between the NDDB and the state? It is not only policy implementation (Cawson) or observing controls on the selection of leaders in the organization and the articulation of demands and supports (Schmitter); it is being able to to continue securing

resources from abroad. What, in return, is the NDDB bargaining for? It appears to be asking for minimal state intervention in the NDDB accompanied by material and political support from the state as the NDDB pursues its agenda. It is a curious situation in which the NDDB, by circumventing the state in acquiring its resources, has increased its autonomy in relation to the state while also delivering enough benefit to the state to warrant the state's tolerance of the NDDB's autonomy. In such a situation, it is not necessarily the NDDB's relationship to the state which is of primary importance but its relationship to its foreign suppliers. And if foreign agents are part of the corporatist construct, as seems to be the case, then their impact on the relationship between interest organizations and the state and the public policy outputs which emerge from that relationship needs to be assessed. Questions posed to interest organizations and the state, i.e. what are the bargaining chips, what form does cooperation take, what is being bargained for, etc., are also relevant to foreign actors.

8.0 Corporatism and the Exercise of Power

The corporatist mechanism by which non-elected interest associations can interject in public policy formation reveals an exercise of power by the interest group. Steven Lukes' (1974) discussion of how the exercise of power can be identified proves useful in recognizing corporatist practice. The basis of his perspective omits the role of the state and hence is missing a historical view of how both sides condition each other over time. Nevertheless the theory has its value in terms of the power issue. If the argument here is that the NDDB influences public policy, then it is relevant to pursue ways in which to locate power (either overt or covert). The body of Luke's argument builds around three dimensions of power (1-, 2-, and 3-dimensional).

According to Lukes, a 1D view of power is 'a focus on behaviour in the making of decisions on issues over which there is an observable conflict of (subjective) interests, seen as express policy preferences, revealed by political participation' (1974:15). There are a number of shortcomings associated with this view that Lukes investigates. First, it assumes that decisions made in a forum of competing interests as the totality of power relations. The whole area of issues which are intentionally kept out of public policy debate in order to preserve interests favoured by status quo conditions is not acknowledged. As issues are selectively chosen to appear

as public issues, they reflect a bias toward silent issues which do not appear. In this view, the system of decision-making and the agenda are accepted as given so that the non-appearance of other issues is not questioned and is not perceived to be significant to the exercise of power. While this view may demonstrate a healthy plurality in the system as competing interests interact, it misses the question of why those particular interests are represented which is also an act of power. The 1D view can only render change in that the distribution of who prevails in decision-making may be shifted in a way considered more desirable.

Other shortcomings also emerge. For example, power is not only expressed through action but also through non-action. Not making a decision may be as effective a use of power as making a decision. Interests are depicted as subjective because they are perceived wants which may be subject to manipulation and may not represent real interests. Unobservable interests which are too nebulous to be concretely articulated and may not be consciously identified by the interest-bearers themselves do not have a place in the 1D view (as well as the problem of false interests manufactured by other agents). Policy preferences are conscious choices but the bias of a system which does not allow entry of some issues while bringing others into the limelight may be an unconscious act. The 1D view reinforces the bias by only looking at issues on the agenda and looking at whose will prevails in the decision-making process thereby legitimizing the agenda and the process. Looking at the swirl of controversy which centers mainly around the dairy policy outputs rendered by the NDDB and its ability to prevail in situations of conflict may lead one to miss the importance of the alternatives which never make it on the agenda as they are marginalized or squeezed out by the main focus.

The 2D view adds the notion that organization is the mobilization of bias meaning that things organized onto the political agenda deliberately exclude other things which are not open to discussion because there is an interest to keep them as they are. This is Schattschneider's original idea (1960:71). Those individuals or collectivities who are able to arrange the agenda so that only those things not threatening to their primary interests are put on the agenda are said to exercise power. Maintaining the status quo implies this process at work. Bachrach and Baratz say in this respect - 'Power is also exercised when A devotes his energies to creating or reinforcing social and political values and institutional practices that

limit the scope of the political process to only those issues which are comparatively innocuous to A' (1970:4).

In this way the state takes care of its interests grounded in the hope of continuity. Another version of this concept may be that an issue is taken up not because it is innocuous to A but because while important it is in agreement with state objectives and keeps controversial issues off the agenda; Operation Flood could fall in this category. One of the attractions of OF was that it claimed it could achieve rural development without challenging land distribution because dairying was land neutral (Baviskar in Doornbos and Nair (eds), forthcoming). Secondly, the farmers were portrayed as in control of the whole operation through cooperative representation (Ibid.). These foci make land reform and genuine representation of farmer interests non-issues. The inaccuracy of the first claim and the superficial nature of the second are now being challenged in academic works (Doornbos and Nair (eds), forthcoming and Doornbos, et al., forthcoming; S. George, 1985; B.S. Baviskar, 1984).

A key term is that of 'creating or reinforcing social and political values and institutional practices' because it implies that the decision-making process itself, not just the outcome of the decisions (1D view) is biased in favour of certain interests. The decision-making process applying to the dairy industry is in favour of technocrats and managers (Baviskar and George, 1988; Baviskar in Doornbos and Nair (eds), forthcoming). This is manifest in the rationalization of the decision-making process, the shift of emphasis on leadership from Patidars to professionals and in the distribution of benefits which accrue toward retained earnings (for investment and growth) at the expense of procurement price (George, 1985:200).

On a more general scale, Panitch (in Schmitter and Lehmbruch (eds) 1979:139) cites Watson (1975:458) in asserting that the bias of the corporatist decision-making process lies in the logic of state planning in a capitalist economy:

The expertise on which planning has been based requires that there be definite constants in the economic process, above all in its authority structure. Social science solutions rely on people behaving as their assigned role requires. Insofar as planning has been the medium for propagating the reasoning underpinning such solutions, the circle involved has remained the very restricted one of those having a direct relationship to the management function, whether at the micro or macro level, since they are the ones on which successful steering is taken essentially to depend.

Panitch (Ibid.) goes on to say that the success of this kind of planning relies on the participants speaking the same language as management because the state has already accepted the industrial authority structure. Both Schmitter (1974) and Panitch (Ibid.) contend that this decision-making process (found in liberal democracies) is a tool of reinforcing capitalist class dominance without the necessity of resorting to overt, frictional methods.

In providing a reason for this particular orientation of corporatist decision-making, Panitch (in Schmitter and Lehmbruch (eds), 1979:138) cites Watson again (1975:468):

Notwithstanding the participation of a variety of interests, an established hierarchy has exerted on the effectiveness of their contributions. A de facto convergence between planners, officials and industrial management has dominated the process...Undoubtedly some planners and officials have regretted the extent of this alignment, but have seen it as virtually inevitable, given the lack of trade union expertise. Notwithstanding the great improvement that has occurred in national accounts and statistics, information from industry remains crucial for the planners designs, especially when they are seeking to deal directly with specific problems, which the strategic, operational orientation of planning involves. Yet the reluctance of industrialists to disclose information, particularly to the unions, has not diminished.

The 2D view expands the boundaries of power analysed because it includes the area of non-decisions. However, this view believes that there is a conscious decision not to make certain decisions whereas the 3D view holds that maintaining the status quo may be unconscious. This is because a further application of power involves being able to manipulate people's perception of their interests so that keeping conditions static may be universally understood (or subconsciously assumed) to be good. The 2D view includes the analysis of potential issues which are conscious interests that do not make it onto the political agenda. But the 3D view goes further to acknowledge real interests which are 'true interests' of people but may not be identified due to subtle social manipulation which will also be unrecognized. Furthermore, this leads to latent conflict in the 3D view between those who exercise power and the real interests of the other side. One of the great strengths of power is not to prevail in situations of conflict but to inhibit conflict from arising by keeping the other side unaware of his/her interests or else replacing those real interests with false ones. The KDCMPU moved from an openly political confrontational method of achieving its

purposes to a method of non-frictional cooperation between actors as expressed by the NDDDB. Under a veneer of legitimacy concerning its own role in dairy development and the goals it works towards, the NDDDB attempts to provide the unity required to elicit cooperation from its members, the state and international agencies. However as NDDDB itself defines farmer interest while precluding genuine farmer participation in decision-making fora due to its exclusive hierarchy and functional isolation from other horizontal levels of solidarity, a latent conflict may in fact exist; the focus of unity and integration would mask it if it did exist.

Lukes writes, 'to assume that the absence of grievance equals consensus is simply to rule out the possibility of false or manipulated consensus by definitional fiat', meaning that the terms for defining dissatisfaction have not been formulated or institutionalized. Baviskar and Georges' quote (1988) about the farmers being scattered, powerless and ignorant of English rhetoric indicates vulnerability to manipulation. A lack of institutional instruments oriented toward the interests of farmers is typified by the NDDDB which relegates programme implementation to one structure (the cooperative) and relegates most major policy decisions to another (itself or proxies of itself such as the National Cooperative Dairy Federation). The separation of structures and their functions enable the NDDDB in some degree to separate decision-making from farmer participation while still eliciting member cooperation which is what makes its structure so attractive to the central government. The professionalization of decision-makers has also marginalized producer input.

Lukes describes power as the ability of A to affect B in a manner contrary to B's interests. Now the question arises of what interest is. It can be merely what B wants or prefers as demonstrated in his/her policy preferences expressed in political participation. Or interests may be expressed in less obvious ways because the system treats interests differentially, giving some more weight than others. In this case interests are still wants but may be rendered invisible by the system. The radical view considers wants themselves to be determined by the system which may be against real interests so that real interests can only be wants that are perceived autonomously in the absence of manipulation and influence.

One further aspect of the 3D view is the difficulty in knowing how far the course of events is determined by social structures whose constructs channel the direction of change and how far the events of history are

determined by the exercise of power which implies the intervention of individual will. The debate is often posed as a dichotomy between structural determinism and methodological individualism but as any polar view runs the risk of leading to oversimplifications, Lukes wisely counsels that it is not an either/or situation but one of a varying balance between the two. Some measure of autonomy always exists within structurally determined limits. If not, the future would be pre-determined and utterly predictable.

Without a margin of autonomy to choose between alternatives, there could be no exercise of power which is the ability to act in favour of one interest against that of another. Being able to see the alternatives to a given choice is one way to identify power even when it is exercised unconsciously through collective structures. Obvious alternatives to the NDDB are a continued use of decentralized private and public dairy structures, which are still holding onto their share of the market, or else a new system which utilized gifted commodities from outside but distributed the proceeds according to more pluralistic values. Lukes asserts that the assumption of autonomy (the ability to act otherwise) by collectivities which exercise power is necessary in order to identify the exercise of power. Once identified, the source of power can be located and responsibility for the consequences of certain (in)action can be attached to that source. Power implies responsibility by the agent for its exercise and consequence(s). This means the agent must have the option to act otherwise but chooses a certain path in conscious expectation of certain results.

9.0 Conclusion: Foreign Involvement in Corporatism

Why has the state licensed and permitted the NDDB to operate the way it does? There are no doubt many reasons, some of them relating to agreement of the state with the social and economic benefits promised by the NDDB, other reasons having to do with the leverage or power that the NDDB is potentially able to exert. One attribute that probably stood out was the prospect of rural development without land reform⁸ coupled with attractive pricing of milk to a largely urban market. Yet the bulk of literature on OF acknowledges that milk production is lagging behind the procurement-processing-marketing branches of activity. As already mentioned, land is the key to increased production through better feeding in order to realize the full productive potential of the huge indigenous livestock and cattle population. If the farmers had access to more effective representation their preference would

probably be to develop and improve indigenous breeds because the primary value of the animals is to provide tractive power for agricultural activities and manure to serve as fertilizer and fuel or else to breed and feed more milch buffaloes thereby releasing draught animals for purely agricultural purposes (Dhas and Nair in Doornbos and Nair (eds), forthcoming). Unless mechanical power eventually replaces draught animals on the farm, a trend which is debatably desirable given its reliance on fossil fuels, the most appropriate solution is the development of dual purpose breeds (with milch and draught capacities) through upgrading existing stock by breeding with other improved indigenous strains instead of the introduction of specialized exotic breeds.

A chain is only so strong as its weakest link and the half-hearted attitude toward increasing production by the NDDB reflected in its relatively conservative expenditure on production inputs, its avoidance of the land requirements for better feeding and its misplaced hope in exotic breeds to increase production (who will require even more feed, hence land accessibility, than indigenous breeds), reveals the weak link of Operation Flood. So far the vulnerability is camouflaged by the receipt of gifted dairy commodities from the EEC. But as the procurement-processing-marketing functions continue to outpace production while foreign commodity aid helps to bridge the gap between the two, it is clear that it is not the dairy producers who are the primary beneficiaries of the programme. This is not to say producers have not benefitted at all. Singh and Kelley cite the Amul leadership in saying that the Amul Union has doubled the real income of farmers since its beginning in 1946 (1981: 143).

Often the affect of foreign dairy aid to India is said to potentially induce dependency by India on this aid. It is important to point out that the dependence is not necessarily on the dairy commodities themselves. In actual fact, even at current levels of production, the supply of milk powder produced domestically is adequate to satisfy local demand and its share of the market is said to be increasing (Atkins, 1988:306; Doornbos et al., forthcoming). Imports from the EEC only represent about 1% of total domestic dairy production in India although these imports represent a hefty chunk (30%) of throughput in the cooperative sector (Ibid.). P. J. Atkins (1988) asserts this figure has been recently decreasing at a drastic rate. Between 1982/83 and 1984/85 he claims India imported an amount of skim milk, butter and butter oil accounting for only 17.7% of OF's throughput. He forecasts

that this figure will drop by 3% by the end of OF III (1990-94 according to planning documents, but reckoned as 1987-94 according to the EEC which has already committed resources to the project). These figures he obtained from a progress report (1986) put out by the IDC in Baroda.

Where, then, is the dependency and the national impact of imports associated with the OF/EEC connection? It lies in the pricing of milk. When the NDDDB receives dairy commodity aid from the EEC, it sells it to the various dairies at a transfer price which is lower than the indigenous production cost of dairy goods; this 'subsidy' implicit in the product is passed further down the line, through processing and marketing, until the end product emerges in some form on the market (Doornbos et al., forthcoming). The true cost of dairy production in India is obscured because the entire sector is affected by the downward impact on prices created by the aid. Imported milk products have depressed domestic prices by 10% according to one author (Lipton, 1985:106-108). Dairy imports at this point are needed to raise enough capital in order to: a) provide a bare minimum of price incentive to producers to guarantee their supply to the cooperative; b) keep retail prices at acceptable levels and c) afford the high cost of the processing and marketing structure.

Not only has the NDDDB forgone the opportunity to adequately develop indigenous production potential but the situation becomes ironic when one learns that India is exporting concentrated cattle feed to Europe whose cows already produce too much and eventually led to the dairy commodity aid to India. Meanwhile Indian cows bear the dubious distinction of being the least productive in the world for want of adequate food. This fact points to the strength of foreign interests in the OF programme. Admittedly corporatism facilitates foreign interests. While enjoying monopoly representation in the central government in its sector of activity, corporatist interests also penetrate production at its most local level. This is ideally suited to the opening up of resource-rich areas to foreign influence. In the wake of penetration follows privatization for there is a profit to be made in the sale of things which had once been communal goods or else consumed at home. The intense commercialization of dairying in rural areas of India has led to accusations that household consumption has decreased in order to yield more for sale (Doornbos, et al., 1987: 380).

Interest corporations operate outside government bureaucracy but at the same time may not offer effective participation by its members in decision-

making. As witnessed by the NDDB this implies that government regulation cannot touch the corporation while members' interests are marginalized by separating them from the apex decision-making body. Certain features of corporatist organization make it very conducive to foreign penetration, i.e. intense centralization (often in part facilitated by increasing technological intervention), standardization, a hierarchical structure, rationalization and professionalization of decision-making. In many cases the attachment of foreign interests to an indigenous corporate interest is unseen, but even when obvious, the methods of legitimization used by the organization to justify its position simultaneously works to legitimize the involvement of external actors. Catchwords such as participation, grass-roots mobilization, consciousness and empowerment used by development actors in developing countries are echoed by their foreign sponsors.

Although corporatism may provide certain opportunities to foreign interests, the opposite is also true in that it may provide indigenous interests with access to foreign support. If the indigenous entity is strong enough, it may be able to tailor foreign intervention to suit its own needs and strengthen its position by manipulating its sources of support in relation to each other. NDDB was capable of this to a large extent.

At the end of the 1960's large amounts of surplus dairy commodities (butter and skim milk powder) emerged within the European Community, threatening to overflow into world dairy markets either as donations or subsidized exports. Operation Flood I was a cleverly designed programme that succeeded in averting the threat of these surpluses to the Indian dairy market, turning it instead into a very ambitious dairy development project benefitting first of all the Gujarat cooperative industry, particularly Amul. Now, more than 17 years later and after having absorbed very large quantities of EEC dairy aid, it is India which presses for more dairy aid while the European Community is hesitant to provide it (Baviskar and Terhal in Doornbos and Nair (eds), forthcoming).

Conceivably, then, corporatism can be a structure that protects indigenous sectors from potentially damaging foreign intervention, for example the NDDB's ability to protect the Indian dairy market from cheaper commodities from the EEC while also gaining access to the commodities to strengthen its own dairy programme. At the same time, the position of the NDDB in respect to the central government has been boosted by the NDDB's foreign connections. As already mentioned, OF enabled the NDDB to act as a partner in dairy policy at the centre by means of the resources channeled into OF from outside.

The added dimension of foreign interests being represented in corporate interest groups compounds the confusion of agents and their territory in public policy-making. Public policy outputs are no longer simply a compromise between the needs of the state and those monopoly interests significant to the role of the state in economic performance. When consideration of foreign interests in public policy formation takes place, the scope of actors and interests involved in the process becomes so wide that the ability of pluralist interest groups to effectively hold their ground in policies which affect them is threatened. The repercussions of this on democratic theory will extend beyond the interest representation imbalance found in corporatism which is contained within the geographic boundaries of the state.

Corporatism on an international scale brings a couple of possibilities to mind. One is that a new style of diplomacy is engendered between nation-states carrying forward the corporatist unity achieved nationally into international relations mediated by more than one government. In this scenario, major interest groups from more than one country may be linked and networked, possibly developing a type of synergism. Another thought is that of a global society not organized into nation states but into sectors in the division of labour whose interests may be mediated by a global government or perhaps some other international actor who assumes the mantle of authority. Although this vision may seem far-fetched at the moment, it is recognized even today that international entities such as banks and transnational corporations can operate above state regulation because they do not 'belong' to one state or another. Global economic interests are not mediated by the state; in fact they tend to undermine state authority. Monopsonistic distribution and marketing arrangements transversing state boundaries already exist in key areas of the world economy such as oil, agricultural products (sugar, bananas, cacao), and textiles even though production may be highly diversified and disorganized. The point of entry by controlling interests may not be through production but through distribution and marketing hence gaining control over access to the product.

Convergence or complementarity of interests between international actors in a sector of production may be more deliberate than appears at first sight. For instance, EEC dairy aid to India could achieve the purpose of developing consumption and income levels in India to an extent that would eventually enable commercial trade in the foreknowledge that domestic demand

would be greater than domestic production could satisfy (Doornbos, et al., 1988: 468-9). Furthermore, the aid channel did not compete with commercial dairy trade and replaced subsidized dairy trade which negatively affected commercial trade (Ibid.). Implementing this strategy through the NDDB provided a domestic structure compatible to the needs of the EEC and, equally significant, legitimized its intervention particularly in the eyes of the receiving state by applying the rhetoric of 'development' from the NDDB to a strategy that may have been primarily designed to relieve Europe of a dairy surplus (Doornbos et al., 1988: 472-3). For its part, the NDDB could foster financial and operational autonomy no longer tied to the state for survival by entering into relations with foreign agents. Once the relationship was established between the NDDB and foreign aid donors, a number of shifts took place in the NDDB: the Operation Flood project was started; the IDC was initiated to permit trade relations with the EEC and the sale of commodities inside India; NDDB became primarily known as the implementor of OF rather than as a dairy advisory service; investment shifted heavily in favour of processing and marketing along with the technological implications at the expense of production; primary importance in decision-making was attached ostensibly to professional technocrats and managers and away from producers and Patidars. As the main institutional structure linking dairy producers on the one side with the state and international actors on the other, the NDDB is drawn into a position of power brokerage of which the most important aspect is its influence on public policy in order to fortify its position and that of other actors crucial to its own interests. The international role is only relevant once OF started in 1970. In juggling the demands of the state, international actors and producers along with its own interests, the NDDB adjusts its rhetoric fluently, thereby maintaining at least the surface appearance of convergence or complementarity of interests between it and other agents.

As a final comment, the purpose of this paper has not been to establish that corporatism in principle is a good or bad idea. It is a theory used to explain certain phenomena in interest representation. Value judgements can only be applied to how the theory has been put into practice and whether or not the practice of corporatism agrees with the logic and values of a community. The way in which corporatism has been applied in Sweden has contributed to low unemployment, little labour unrest, good quality medical and welfare services, efficient industry and other indexed advantages (Pike

and Stritch, 1974:xx; Panitch, 1974:137 would have some differences with this view of the Swedish system). There are those who would see corporatism as a flexible, adaptable system, expressed in a balanced and responsible economic structure regulating itself through quasi-sovereign powers. On the other hand, one can appreciate the potentially sinister implications of corporatism for food security should it become a dominant structure in the organization of marketing boards or other marketing structures in developing countries, particularly in respect to its centralizing and standardizing tendencies. An informed knowledge of corporatism is necessary to understanding how it can be used for or against the interests of various agents concerned with the performance of sectors in the division of labour.

Notes:

1. State capitalism is a term with varied meanings, changing over time. In this context it is meant as the state intervening in a private capitalist economy usually to prevent collapse or improve efficiency. The state will usually take over key sectors of the economy, owning and controlling that sector and distributing the profit within the system. This can imply that the state bureaucracy controls and uses the state as a means of accumulating capital through the exploitation of labour, hence substituting the role of an individual private owner in a capitalist system. State socialism first meant the primary role of central planning as opposed to local in the transition from a capitalist to a socialist society. As the state in general has occupied an increasingly expanding role in both capitalist and socialist systems, current usage is generally applied to Eastern European and other socialist societies in which the party or state bureaucracy holds control. Rewards are distributed according to the classic dictate, 'from each according to ability, to each according to work'. Convergence theory predicts that the imperatives of planning would render capitalist and socialist systems more and more similar as both systems strive for rational and efficient decision-making.
2. see S. Lukes, Power: A Radical View, Macmillan, London, 1974.
3. see C.W. Anderson (1979) for a discussion of pluralism and corporatism in light of democratic theory.
4. Ownership of dairies by the producers' cooperatives was intended to provide appropriate storage facilities for milk so that producers could better bargain without running the risk of the product going bad (George, 1985: 201-2 for following paragraphs). Assuming this structure of ownership in fact existed, many producers were still extremely vulnerable in the market because they lived too far from the dairy to obtain timely access to refrigeration. Milk product manufacturers and marketers were in a position of strength as they controlled the product in a form or with facilities that removed the pressure to sell within a certain time constraint. Furthermore, the very low level of production per producer alongside a high urban demand also favours manufacturers and marketing agents who can procure large aggregate amounts and sell the product under favourable conditions.
5. The GOI (Government of India) retains control over the private sector by holding power over allocation of capital, raw materials, imports, exports and foreign exchange. Acts of Parliament such as the Industries (Development and Regulation) Act (1951 amended in 1953 and 1956), the Essential Commodities Act (1955 amended 1957), and the Supply and Prices of Goods Act (1950) are direct controls on private enterprise. Between them they regulate almost every aspect of production as decided by the GOI: licensing, product line, volume of production, industrial location, prices, method of production, distribution, pricing, the right to appoint government-chosen directors and personnel, consumption and storage of commodities, the requisition of the product by the GOI and so on. A wide range of taxation imposed on private industry also affects industrial opportunities. Overall the state is able to regulate the market by protecting some enterprises while heavily burdening others or leaving them open to competition; it can prevent or encourage new

entrants in a field of activity; it can carve up the market between a fixed number of suppliers. Although an industry may not be state-owned, the state can nonetheless directly or indirectly intervene in the production, distribution and marketing processes. Parliamentary control of strictly public enterprises follows the normal channels: control through the Minister and government audit; through Question to Ministers; discussions and debates which may be initiated at the behest of a Member of Parliament; through ad hoc committees to investigate operations in a particular enterprise as well as Parliamentary Financial Committees to monitor financial behaviour; and finally there is the Committee on Public Undertakings whose task it is to keep the Parliament informed of events in the public sector. Final conclusions are voted on through the moving of resolutions, as was done for the merging of IDC with NDDB. Ministers can exercise power over public enterprises by appointing or dismissing directors and members of the governing body. They can issue directives on general policy and their approval may be required for the implementation of programmes or for certain kinds of capital investment and borrowing by the corporation.

The demands of development have given rise to extensive use of a third economic instrument, the parastatal, whose performance is hoped will combine the efficiency, incentive structure and ingenuity usually found in the private sector with institutional priorities of public welfare defined by the state. Hence freedom of innovation and a liberal degree of authority and autonomy in most areas of operation are granted but ultimately the enterprise is under public control. In some circles this is known as a revisionist thesis of socialism in which public control is maintained without nationalization through quasi-public, quasi-private organizations. Every parastatal has its boundaries defined in a charter or mandate approved by Parliament. This document carves out a space for the enterprise appropriate to its function. What is distinctive about the NDDB's charter is that it is both broad and vague as was considered appropriate for the national advisory role it should play in dairying. Its subsequent development as an institution virtually exclusively devoted to the implementation of Operation Flood changes the applicability of the charter to the function of the NDDB. Specific guidelines would be one way to hold NDDB within well-defined boundaries.

6. For a discussion of the politics of evaluation see M. Doornbos, M. Mitra, and P. van Stuijvenberg (1988).
7. see S. Patel (1986) for a history of the Patidar position in the KDCMPU and NDDB. For a detailed picture of the distribution of benefits regionally under OF, see chapter four in Doornbos et al., forthcoming.
8. Of course dairying alone did not weaken the need for land reform. The Green Revolution, which was able to increase agricultural productivity without changing the old patterns of land ownership, had a large part to play. The criticism levelled at the Green Revolution is strikingly similar to that of OF: both concentrated on certain products to the exclusion of others; they tend to be implemented in areas which can support the conditions for success; economic gains are differentially distributed according to size of landholding and between landholders and landless labourers; both made a commitment to extreme modernization and both attracted government investment in the infrastructure that was needed to make the strategy work.

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