

Amul expects milk procurement to touch new high by January

Rutam Vora



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Faced with a glut and lower commodity prices globally, Gujarat Cooperative Milk Marketing Federation (GCMMF) may not increase the procurement prices for milk producers in Gujarat at least for the next 4-5 months, said a top official of the apex milk cooperative federation.

GCMMF, which sells milk and milk products under Amul brand, expects its milk procurement to touch a record of about 210 lakh litres per day (LLPD) (approx 217 lakh kg) by January 2016 and is set to trigger a glut in milk commodities such as skimmed milk powder (SMP) and butter oil among others. The flush or peak milk producing season has commenced with the onset of winter. “We have currently touched a daily procurement of 193 LLPD, of which 25 LLPD is collected from States such as Rajasthan, Haryana and Uttar Pradesh, while the rest is from within Gujarat. This year, we expect procurement to be 14 per cent more than last year,” Rs. Sodhi, Managing Director, GCMMF told *BusinessLine*.

“The international prices of SMP and butter oil have come down, while the processing cost remains high. A direct implication of this would be on the procurement price, which may not be increased for the next 4-5 months,” Sodhi said.. Currently, milk producers get around ₹28 per litre for cow milk, while ₹40 per litre for buffalo milk, which is one of the highest in the sector globally.

“In New Zealand procurement prices have fallen by 40-45 per cent. But in Gujarat, we continue to pay higher prices to the milk producers. On the other hand we have not increased the consumer prices since 2014, which is stretching working capital costs,” said Sodhi. The Federation has consistently increased procurement price at an average 10 per cent per annum for the past one decade.

Procurement price

“Due to sustained increase in procurement price, farmers and milk producers inducted more animals to make more earning. But the problem is from the lower international commodity prices,” he said. SMP prices in the international market have fallen to \$1,918 per tonne recently as against \$ 2,935 per tonne in March this year. The estimated inventory in the country of SMP is about 1 lakh tonnes put together all the milk cooperatives across the country. Last year 2014-15, total milk procurement by GCMMF member unions averaged at approx 148 LLPD or 152.90 lakh kgs per day, representing growth of 12.7 per cent over approx 131 LLPD or 135.73 lakh kgs per day recorded in 2013-14. The highest procurement was recorded during February 2015 at approximately 178 LLPD or 184.38 lakh kgs per day.

According to GCMMF data, during the last five years, milk procurement has increased by 65 per cent as the price paid to farmers had increased by 75 per cent during last five years.