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Amul plans 10 new dairy plants as boss seeks to attract more farmers

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Amul's dairy in Anand

Indian dairy giant Amul will invest Rs5,000 crore (US\$812m) on around 10 milk processing plants over the next year as it targets revenues of 10 times that investment by 2020.

Addressing a conference in Mumbai this week, Amul managing director RS Sodhi said the plans included two plants in Delhi, three in Uttar Pradesh, one each in Kolkata and Maharashtra and the rest in the co-operative's native Gujarat to achieve its goal earnings of Rs50,000cr in five years.

Currently, Amul, which last September claimed to be the world's fastest-growing top-ranked dairy organisation and fifteenth biggest in terms of production, is on track to achieve revenue of Rs20,000 crore this year, Sodhi said.

Farmers needed

However, to maintain this charge, the co-operative's boss highlighted the need for farmers to focus on animal husbandry to maintain the size of their herds, especially with increasing productivity being a major issue for dairy farmers in India, the world's biggest milk producer.

According to National Dairy Development Board, the country's dairy growth has been slowing considerably in recent years, and dropped from 5% in 2012 to 3.5% in 2013. At the same time, its population is growing at a rate of around 4%.

Decent earnings

"It is possible to earn Rs40,000 (US\$649) per month with 30-40 cows and buffaloes at project cost of Rs21 lakh (US\$34,000), including a loan component of Rs15 lakh," Sodhi said in a bid to strengthen farming numbers in the co-operative.

"India's organised sector only constitutes 20% of the total market size of Rs4 lakh crore (US\$65bn) for dairy products and there is space for everyone.

"Our philosophy for the past 60 years have been to ensure remuneration prices for our 3.5m members and value for money for the consumer, using the best ingredient at a fair price."

Amul, a dairy co-operative based in Anand district of Gujarat, was formed in 1946 and its brand is managed by Gujarat Co-operative Milk Marketing Federation.