

Amul to enter Punjab market next week

Managing director R S Sodhi says Amul in the state would benefit farmers as it would set benchmark for procurement prices

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November 14, 2014 Last Updated at 16:24 IST



After major [milk](#) markets like Uttar Pradesh, Maharashtra and Rajasthan, the leading [dairy cooperative](#) of the country, [Gujarat Cooperative Milk Marketing Federation \(GCMMF\)](#) which sells milk under the [Amul](#) brand, is all set to enter the [Punjab](#) market next week.

[GCMMF](#) managing director R S Sodhi confirmed the same and said that Amul has tied up with a third party processor in the Gurdaspur district of Punjab to set foot in the Punjab market. The initial processing capacity would be around 200,000 litres per day (lpd).

"We might look at having our own unit in the state as well, however, for the time being we will use the third party plant," Sodhi said. Amul might later look at setting up a plant near Chandigarh to cater to the Punjab market.

The Punjab State Cooperative Milk Producer's Federation Ltd, which sells milk under the [Verka](#) brand already procures around 1.2 million lpd of milk in Punjab. Will Amul's entry mark a fight for market share between the two cooperatives?

Sodhi explained that, "Verka currently procures only 3-4% of the total [milk production](#) in Punjab, and the rest is procured by private dairies and smaller players. With the entry of Amul, farmers would benefit as it would set a benchmark for procurement prices."

He claimed that wherever Amul has entered before, states like Uttar Pradesh, Rajasthan, the farmers have benefited.

Verka, however, is paying almost at par with Amul. A senior official of the federation informed that the average procurement price paid by them to the farmers was around Rs 520-540 per kg fat.

Punjab is among the top five milk producing states in the country, Sodhi said adding that milk production in the state has been growing at a slow pace off late. "Higher procurement prices might incentivise dairy farmers to increase production," he said.

The branded liquid milk market in Punjab is relatively smaller in size, around 1.5-1.6 million

lpd. However, Punjab has one of the highest per capita milk consumption in the country, around 900 mg per person per day as against the national average of 300 mg per person per day, Sodhi informed. Punjab thus has a huge loose milk market, of around 7-8 million lpd.

Amul is basically looking at gaining consumers from this loose and unorganised market in Punjab.

GCMMF's Mehsana dairy, had set up a facility at Dharuhera in Haryana in 2012 with a processing capacity of around 1.5 million lpd. The Dudhmotisagar Dairy at Dharuhera will eventually have a processing capacity of 3 million lpd by August 2015. Mehsana dairy also operates a one million lpd facility at Dudhmansagar Dairy in Manesar.

Apart from the Mehsana Union, Banas Dairy and Sabar Dairy too have processing plants outside of Gujarat. For that matter, the three unions together sell around 2.5 million lpd of milk under the Amul brand in the National Capital Region (NCR).

The Banaskantha District Co-operative Milk Producer's Union Ltd (Banas Dairy), is also setting up a one million lpd plant in Faridabad in the NCR, and is setting up facilities in Lucknow, Kanpur and Varanasi in Uttar Pradesh.