

By Madhvi Sally, ET Bureau | 10 Dec, 2014, 04.00AM IST

Milk prices to remain stable in 2015, says Gujarat Co-Operative Milk Marketing Federation

NEW DELHI: Milk prices are likely to be stable in 2015 after rising 10-12 per cent in each of the past two years. Lower prices offered by private dairy firms, due to lower exports of skimmed milk powder, have prompted farmers to flood dairy giant Gujarat Co-Operative Milk Marketing Federation (GCMMF), which owns the Amul brand, with milk supplies. "We don't see milk prices increasing in 2015, the way it happened over the past two years," said GCMMF Managing Director RS Sodhi.



"We are currently procuring 172 lakh litres of milk per day and by January, we expect milk procurement to touch a record 190 lakh litres a day," he said. The company had a target to procure 155 lakh litres per day by 2020, but it has already crossed that.

Prices of skimmed milk powder in domestic market has fallen as well, to Rs 170 a kg from Rs 320 a year earlier, which is another reason to keep milk prices stable. "Private dairies are not procuring milk or are paying 30-40 per cent less prices to farmers. Hence, cooperative dairies like Amul, Saras of Rajasthan, Sanchi of Madhya Pradesh and Nandni of Karnataka are getting record milk quantity," said Sodhi.

Milk prices had increased in the past few years due to a rise in the cost of cattle feed, transportation and other operational expenses. Both private and state dairy cooperatives increase milk prices in tandem with Amul.

An official from the agriculture ministry said milk production and productivity recorded by cooperatives have increased this year. "The 14 dairy cooperatives as on October 31 procured 381 lakh kg milk a day against 334 lakh kg in the corresponding period of 2013," said the official. One kg milk is equal to 910 ml milk.

The private sector is also expecting prices to be stable this season for milk and dairy products.

"For the 6-8 months, milk prices will remain stable, easing out inflationary concerns," said Devendra Shah, chairman, Parag Milk Foods, which sells under the 'Go Cheese' brand.

Further, exporters of milk products like skimmed milk powder and casein said sales had slumped drastically. "Compared to annual export of 1.25 lakh tonnes SMP, this year we should be able to export only 25,000 tonnes. This will leave surplus supply for domestic market," said Sanjay Dhingra, chairman, Kwalitiy Ltd.