

## Competition in dairy is welcome: R S Sodhi

Interview with MD, Gujarat Co-operative Milk Marketing Federation

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Gujarat Co-operative Milk Marketing Federation (GCMMF), the owner of Amul, one of the largest FMCG brands in India, has just stepped into the Punjab market for milk procurement. This is the seventh state where the co-operative will source milk after Gujarat, Maharashtra, West Bengal, Rajasthan, Uttar Pradesh and Haryana. The Punjab addition will take GCMMF's milk procurement from outside Gujarat to about 18-20% of its total daily requirement of 165 lakh litres - a number that is expected to grow in the future. In this interview with *Viveat Susan*

*Pinto*, [GCMMF](#) MD *R S Sodhi* explains how critical this expansion is and his views on the impending entry of ITC into the dairy segment. Edited Excerpts:

**How important is this expansion into Punjab and how much are you procuring from the state?**

We plan to procure two lakh litres of milk per day from dairy farmers in Punjab. Milk collected will be screened, chilled in bulk milk coolers and transported to our processing plant located at Batala in Punjab. While our daily milk procurement will be lower than the cooperative network of Verka, which operates here (procures 11-12 lakh litres of milk per day), I see our expansion into the state as a significant step. Farmers have choice in terms of the cooperative they wish to associate with. This will mean better prices for them. We benefit and the cooperative movement as a whole is also strengthened.

**What is your view of ITC's impending entry into the dairy segment?**

Competition in dairy is welcome. Milk farmers will benefit with the entry of organised, large players. However, our observation is that most players are keen to harvest the product, no one seems inclined to look at areas such as improving milk productivity of farmers. That is something that only the cooperatives are doing. That gives us an edge over competition.

**But with the many years that ITC has put behind cultivating its network on the agri-commodity front thanks to trading platforms such as e-choupal, won't it not be easy for them to replicate this model on the milk front?**

It is possible. But you have to remember that we have a head start in milk procurement as compared to other players. We have 35 lakh farmers from 17 district unions who are

associated with us. This did not happen overnight. It took us time to convince them to be a part of our network. Only when they were convinced of our pricing, did many of them come on board.

**Amul last raised milk prices by 3% in May this year. Is a new round likely given that food inflation has not moderated significantly in the last few months?**

I do not foresee a price rise in the near term. Milk prices are in line with inflation at the moment and we don't intend to burden consumers with an additional hike anytime soon. In the last one year, milk prices have risen by about 4-5%, which is substantial. We took a marginal hike in May. This is enough for now.

**Tomorrow (26 November) is the birth anniversary of Verghese Kurien. How will GCMMF be celebrating it?**

From this year onwards, 26 November will be celebrated as National Milk Day. The proposal to do so came from the National Dairy Development Board and the Indian Dairy Association about a month ago. We began promoting the event about a week ago on our milk packets. We distribute 2 crore (or 20 million) packets a day, which is not a small number. We will also run television commercials and print ads tomorrow to commemorate the occasion. At the same time, we will also organise rallies for farmers (in Gujarat) tomorrow and attempt to highlight the work of Dr Kurien. DVDs of the 1976 movie Manthan that GCMMF produced has been made available on Amazon.com by us. And the pre-orders so far have been good. So yes, we are using all levers to promote the occasion.