

Business Standard

Amul to invest Rs 150 cr in Punjab for expansion

Milk processing in Punjab to get boost as Amul plans setting up 1000 collection centres

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Gujarat Cooperative [Milk](#) Marketing Federation, or better known as the owner of the country's leading milk brand 'Amul' plans to invest Rs 150 cr to set up a network of 1000 milk collection centers in Punjab. This is likely to give a major boost to the milk processing sector in Punjab, the fourth largest milk producer in the country. As cooperatives pay better remuneration, at least a Rupee per liter premium over the private buyers, the dairy farmers expect to gain from the consolidation of Gujarat based dairy major in Punjab.

“[Amul](#) has rolled out its branches in many states like Rajasthan, Uttar Pradesh, West Bengal and Haryana but [Punjab](#) is going to be crucial due to scale of commercial dairy farming and highest yield per cattle”, said R S Sodhi, the Managing Director of Gujarat Cooperative Milk Marketing Federation. “The availability of huge milk surplus in Punjab as compared to any state of India, can help us grow at a faster pace over the current growth rate of 20% of Amul”, he added.

[Nestle](#) is the largest milk processor among the private players in the state and procures about 8 to 9 lakh litres of milk in a day and feeds its [Moga](#) (Punjab) and Baddi (Himachal Pradesh) plant.

Close to two lakh vendors help the distribution of 40 lakh litres of milk every day.

Glaxosmithkline Beecham, Wockhardt, Supereme Agro, MilkFed, Rana Food are some of the prominent private milk processors in the state.

Punjab's average daily production of milk is about 265 lakh litres per day and the marketable surplus is 150 lakh litres per day. The homegrown Punjab State Cooperative Milk producers' Federation procures close to 12 lakh liters a day and Amul's share is an insignificant 50,000 litres a day. Under the new expansion plan, the Gujarat Cooperation Milk Marketing Federation would ramp up the number of collection centres from 50 to 1000 and put up the infrastructure to procure at least 10 lac litre a day, informed, R S Sodhi.

“In the processing of milk, setting up of a cluster of procurement centres with state-of-the-art equipment is the most crucial component of investment, the processing plant can be hired through a third party. We have such an arrangement at Batala in Punjab and plan to replicate

the same at Khamano, near Ludhiana and Bathinda. The operations at Khamano would commence this month and Bathinda may take some time, he added.

Considering the milk availability, scale of commercial dairy farming and high yield of cattle in Punjab, Amul may also penetrate deeper into rural Punjab to capture higher market share.

Speaking about the milk processing industry in the state, the Additional CEO and Director, Punjab Dairy Development Department, Inderjit Singh said, “the proportion of organised sector in the milk processing is limited to only 5% in Punjab. The expansion of brands like Amul, backed by the cooperatives would enhance the competition and help the farmers not only financially but also in improvement on quality parameters. The Cooperatives provide backward integration in form of good feed, inputs and latest knowledge to the dairy farmers to earn higher yields and thereby better income”.

A purchase tax of 3.5% on milk in Punjab has remained a dampener towards the expansion of private sector players in milk processing. Out of the average 150 lakh litres per day of surplus milk, only about 13.25 lac litres are procured by the organized players.

The farm gate price of milk in Punjab is in the range of Rs 28-29 per litre for cow milk and Rs 34-35 for buffalo milk. The milk prices have been stable this year.