

Amul plans smaller dairy pack sizes for price-conscious rural market

While the firm has made a dent in this large market, its decision stems from the unwillingness of the rural consumer to buy larger packs as the entire quantity is not consumed at once

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Amul looking to launch price-based products with dairy, milk, ghee and others in Rs 10, Rs 20 and even smaller pack sizes

Gujarat Cooperative Milk Marketing Federation (GCMMF), the producer of [Amul](#) brand dairy products, is planning to penetrate rural India with smaller pack sizes of pasteurized milk derivatives. The decision coincides with the organisation's expansion in urban India through new product innovations.

India's largest dairy brand, Amul, is looking to launch price-based products with dairy, milk, ghee and other items in Rs 20, Rs 10 and even smaller pack sizes to meet rural demand.

[Amul](#) dairy products are available in almost all large [markets](#) and mid-sized towns, but a large part of consumer demand comes from rural India.

“There is a big market in rural India. With our unique quality and taste, our dairy products are becoming very popular among rural consumers. Hence, we are planning to launch smaller packs to address this demand,” said R S Sodhi, managing director, GCMMF.

The company is selling [Amul](#) dairy products such as curd and ghee in half- and one-litre packs in the urban and semi-urban [markets](#). But, there has been huge demand for such products in Rs 20 and Rs 20 pack size as rural consumers are more price-focused.

“While product quality will remain the same, only pack size will differ for rural consumers, who they are not willing half- or one-litre packs as the entire quantity is not consumed at once,” Sodhi added.

GCMMF has reported consistent growth in turnover the past few years. The firm, which sells milk and milk derivatives, has posted a 13 per cent increase in its standalone turnover to Rs 33,150 crore for the financial year ended March 31, 2019. Its consolidated turnover was also up 13 per cent to over Rs 45,000 crore.

Pouch milk which generates the highest turnover reported growth in almost all [markets](#) of its presence. Amul also launched value added products like flavoured milk, chocolates, fruits-based Amul Tru, camel milk and an entire new kulfi range recently to fuel its growth.

Amul Federation, the milk collection arm of GCMMF, has 18 member unions with around 35 million litres of milk processing capacity. The Federation plans to increase its milk processing capacity to 35-38 million litres. The company has more than 3.6 million farmers registered across 18,700 villages in Gujarat and procures around 23 million litres of milk every day. Its milk procurement capacity has grown by 10 per cent in the financial year 2018-19.

“For the new pack launch, we don’t have to make any large investment on production. Production line is already there. We need to change only the pack size in our existing facility,” said Sodhi.

Amul procures milk in local collection centres and distributes it in the area of its presence. For example, Amul has set up collection centres in Maharashtra to meet its consumer demand of milk here.

“The smaller pack size will be a game changer for Amul. With the rural demand of health conscious products is increasing, we forecast tremendous boost in our overall dairy products’ sale,” said Sodhi.