

Amul wins bid for Delhi Milk Scheme

TNN | Dec 2, 2018, 06.22 AM IST



VADODARA: The Gujarat Cooperative Milk Marketing Federation (GCMMF) that markets brand Amul has won the bid to run the Delhi Milk Scheme (DMS) – a dairy retail unit that was started by India’s first president Rajendra Prasad in 1959.

The union agriculture ministry had invited milk cooperatives to run DMS on lease for 30 years.

During the bidding process, both GCMMF and the Mother Dairy Fruit and Vegetables Private Limited (MDFVPL), a wholly-owned subsidiary of the National Dairy Development Board (NDDB) were in the race.

Outbidding MDFVPL which had offered Rs 42.20 crore as annual rent for use of DMS’ assets, machinery and retail network in Delhi, GCMMF had offered Rs 42.30 crore as annual rent. The financial bids were opened on November 27.

As the financial bids have been accepted, the ministry will now start the evaluation process and other formalities after which the final decision will be announced shortly.

Amul will pay Rs 42.3 crore as lease rent to operate and manage DMS. The lease amount will be increased by six to seven percent annually. The dairy major will handle the operations and management of DMS for 30 years on renewable basis even as the government will retain ownership of DMS’ land, buildings and the brand.

Interestingly, losses of DMS have piled up to nearly Rs 900 crore but it enjoys huge real estate and retail infrastructure in Delhi and the National Capital Region (NCR) as it has a milk processing plant of five lakh litres per day capacity, spread over 25 acres, located at Patelnagar, in the heart of the national capital.

Also, it has five milk collection and chilling centres apart from 566 milk booths that dot Delhi and NCR.

But against that, the home grown dairy giant will expand its presence in the Delhi-NCR market where it is already a market leader.

The biggest benefit for Amul will come in terms of milk booths as the dairy giant presently does not have a single booth in Delhi where it supplies pouched milk through shops whereas Mother Dairy has a network of nearly 1,300 milk booths.

According to an estimate, considering the escalation in lease amount, Amul will end up paying Rs 3,400 crore as lease amount for DMS for 30 years.

Amul currently enjoys numero-uno position in Delhi's milk market as its sales of milk and dairy products comes to nearly 35 lakh litres per day (LLPD) followed by MDFVPL whose sales come to nearly 30 LLPD while DMS sales come to nearly 3.25 LLPD.