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## ‘Farmers must get a better deal’

The onus is on cooperatives to give remunerative prices to milk producers, says Amul MD RS Sodhi

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RS Sodhi, Managing Director, Amul

In a career spanning almost four decades, RS Sodhi has worked in various capacities in the Gujarat Cooperative Milk Marketing Federation (GCMMF). In a telephonic interaction with Vijay C Roy, the Amul MD — who hails from a village near Ferozpur — stresses on steps to increase milk procurement as well as dairy farmers’ income. Excerpts:

**There are reports that milk procurement across the country is down by 10 per cent in the current fiscal. What are the reasons?**

Initially, milk procurement was good in the current year. However, in the past 3-4 months, because of an extended monsoon, the procurement of milk by cooperatives declined compared to the corresponding period last year, where we got 20 per cent growth. Also, the private sector reduced procurement drastically last year. But now, with commodity prices high, everybody has started procuring milk from the farmers. So, milk production has not

declined but some quantity has been diverted to the private sector. Compared to last year, the procurement is down by 5-6 per cent overall. There is a growth of 7-8 per cent.

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**Are dairy farmers getting remunerative price for their milk? What should be done to increase their earnings?**

As far as Gujarat is concerned, farmers were getting Rs 24 per litre (for 7 per cent fat) at one point of time, now they are getting Rs 51-52. So, the average increase was 8-9 per cent per annum. But I can't say the same hold true for farmers across India because for the past three years, farmers were getting much lower price for their produce. In Maharashtra, cow milk was sold at Rs 18-22 per litre, whereas the cost of production was Rs 23-24. This year, they are getting Rs 31, while the cost of production was Rs 27. Input cost such as cattle feed has increased.

Everybody's talking about food inflation now. Farmers' income will go up only if there is an increase in production and they get a better price for their produce. In the past three years, they were not getting good prices, so there was distress. So, we have to pass on benefits to the farmers to reduce distress.

If our income increases, we are happy but when farmers' income rises we talk about inflation. We should offer reasonably remunerative price for the agricultural produce. Urban consumers should be ready to pay remunerative price for the produce. Also, the focus should be on increasing productivity and providing marketing linkages to the rural produce.

**What is the current demand for milk in India and how is the supply? How do you see the demand in the next 30 years and what should be done to meet it?**

In India, demand and production are almost the same. The productivity is about 180 million metric tonnes — around 50 crore litres per day. The per capita consumption is around 380 gm.

**How many farmers are associated with the federation?**

We have 3.6 million farmers from whom we procure milk. The average daily procurement was 230 lakh litres per day last year. We have around 81 milk plants spread all over the country.

**The GCMMF has enhanced milk procurement from Punjab. What are the plans for the state?**

In coordination with Verka, we established 2-3 places in Punjab for milk procurement and are giving a good price. We are procuring 2 lakh litres per day. We are not competing with Verka but working together so that farmers in Punjab should get a good price. We plan to set up dairy plants for value-added products in Punjab such as ice-cream.

In Punjab, progressive dairy farming has been almost stagnant for the past three years. What are the reasons? What should be done to resolve the issues faced by farmers?

For the past three years, they were not getting a good price for their produce; rather, the prices declined. Last year, they were getting Rs 18-21 per litre for cow milk wherever the feed cost was increasing. But this year, with an increase in prices, they will invest more in cows and buffaloes.

**How has been your own journey so far?**

I was initially thinking of working with a farmer organisation. After a two-year course at the Institute of Rural Management, Anand (IRMA), I got a sales and marketing job and later got the opportunity to interact and work with farmers.

**How has the federation performed during your tenure?**

When I took over in 2010, our turnover was Rs 8,000 crore, this year it will be Rs 50,000 crore. We immediately realised that with the demand growing, we would not be able to fulfil it from Gujarat, so we decided to procure milk from outside the state. Now, 17 per cent of our milk is being collected from states such as Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh, West Bengal, Haryana and Punjab.

Within Gujarat and outside, we invested massively in increasing our milk processing. When I joined, the average milk procurement was 130 lakh litres per day; today, it is 360 lakh litres daily.

**You once said that Amul aims to establish itself as the largest dairy organisation in the world. What is its current ranking and how do you plan to achieve the goal?**

We are number nine. Around six years ago, we were number 16. In the next five years, we will be number three. In the next 10 years, we aim to become the number one player globally. India is the world's largest largest producer of milk. India is also the world's largest market. It is also the fastest growing market. So, an Indian company can be the world's biggest dairy company. We are already number one in India. So, if we continue with our milk procurement, processing and distribution network, we are bound to grow.

**In the recent past, Amul seems to be establishing itself as an urban brand. What future steps will you take in this direction?**

No, I don't think that any product is limited to urban customers. Now, the demand is originating from rural areas also, especially for small packs. Whether it is ice-cream, beverages or lassi, all are in demand in rural India. Even the demand for pasteurised milk is going up. So, we are expanding more in rural areas.

**Besides Gujarat, the cooperative structure is strong in a few other states also, still they are far behind Amul. What are the reasons?**

Amul is 72-73 years old; the others were born afterwards. We may be number one in the country, but in Punjab Verka is on top, in Karnataka it's Nandini and in Rajasthan it's Saras. In the respective states, local cooperatives are going strong and are growing. Our main focus is dairy and will continue to be dairy, but the objective is to get into other categories where dairy is involved, such as chocolates.

