

'We champion circular economy... a dairy co-op can transform into an energy company'

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UDIT MISRA: Last year, we saw a substantial increase in the domestic prices of milk. Why was that? Will there be further rise in the near future?

If you look at long-term inflation in the country, milk has always been slightly below the average inflation. Last year was an aberration because the two years prior to that were COVID years and restaurants were closed and the private sector stopped collecting milk and cooperatives got all the milk. During lockdowns, we were operating at 130 per cent of our capacity because we couldn't say no to the farmers. We also continued our supplies in the market through the lockdowns. There was an inventory buildup in India. We did not reduce the price of the raw materials and farmers continued to get the remunerative price for the milk. There was an overall inflation—feed, fodder cost and general inflation—but we did not pass it on to the consumers.

So, last year, when demand rebounded, you saw milk prices being increased in India, not just by Amul, but by every single player. In the last 10-12 months, there's been no increase in the prices.

UDIT MISRA: What is your view on the amendments in the Multi-State Cooperative Societies Act, 2002?

The government has formed a new Ministry of Cooperation, and realises that for the 14 billion people, 70 per cent in rural areas—including landless and small marginal sections of the society and women—cooperatives are the best tool for development. The new Ministry has also created three new multi-state cooperatives. One is on exports, second is on organics and third is on seeds. The Ministry of Cooperation identified the top cooperatives of the country—Amul, IFFCO, GRIICO, NIDCO, NDC and National Cooperative Consumers' Federation. Between the seven of us, each is incubating new multi-state cooperatives.

The objective is clear—the exports one will identify the international markets for export of all the products the cooperatives make.

The structure of the primary agricultural cooperative societies is being strengthened through computerisation and support. The vision is that in every village if there is an active primary agricultural cooperative society, it will harness the collective might of all the producers of different agricultural crops. If they have a requirement for seeds, they will buy certified seeds and the seeds cooperative will give them certified seeds. The same is happening in the case of milk.

UDIT MISRA: If you could tell us about recent reports of conflict between Amul and Nandini in Karnataka.

Nandini and Amul are registered under the respective state governments' Cooperative Societies Act and any change in the Multi-State Act does not impact either of us. We are owned by our respective farmers and there is good cooperation between these two state federations. Since 1988, Amul ice-creams have been packed in Karnataka in the plants owned by the Karnataka Milk Federation with Nandini, and are being sold there. During COVID, when they had surplus milk, we also had surplus milk, and we bought close to 5,000 tonnes of cheese from the Karnataka Federation because they had no other revenue. The conflict is largely in the mind of a few politicians. If I may say so, More importantly, the issue was made-up and hyped. When Nandini wants to set up a new plant, they will come to us. All our facilities, recipes, products and insights are available to them free of cost. Together we have been able to grow this country to this height and keep the multinationals out.

UDIT MISRA: Few years ago, there was opposition to India joining the Regional Comprehensive Economic Partnership (RCEP). One of the things being said was that India doesn't want cheaper milk from New Zealand and Australia. Does Amul welcome the opening up of food and milk trade?

Milk is a source of livelihood. These countries have a surplus—New Zealand exports 95 per cent of the total milk produced. We are not stupid that we will allow our farmers to stay hungry because they have surplus. And it is not cheap milk. Anything that you think is cheap,



WHY JAYEN MEHTA

Jayen Mehta took over as the Managing Director of Gujarat Cooperative Milk Marketing Federation (which owns the Amul brand) in January 2023. A product of Institute of Rural Management, Anand (IRMA), Mehta is now in his 33rd year of service at GCMMF. He takes over at a time when the cooperative's



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Jayen Mehta, Managing Director of Gujarat Cooperative Milk Marketing Federation, on cooperation between cooperatives, why India should not support free trade for milk and Amul's expansion plans. The session was moderated by Associate Editor Udit Misra



Jayen Mehta (right), Managing Director of Gujarat Cooperative Milk Marketing Federation, with Udit Misra, Associate Editor

we actually pay through the nose. Till 1980, India was self-reliant in terms of edible oil. Somebody gave this magic mantra to us that the government that cheaper oil from Malaysia could help us. We are importing 90 per cent of our edible oil, all our oil seed cooperatives have closed, our local oil mills are under pressure and we are paying the price. So, there is nothing like cheap food. Europe, USA, Australia and New Zealand, all of them are looking for a market. We are not just the largest producer of milk in the world, but also the largest consumer. No country will deprive its farmers of their livelihood and depend on imports. Gujarat farmers are getting perhaps the same price or better price for milk than the New Zealand producers today, but our consumers are getting milk at less than half the price compared to a customer in New Zealand.

RAKESH SINHA: Now that the farmers have been pointing to the rising costs of feed and animal husbandry, how are you managing your pricing?

The nutrition of the cow is the basis on which the output and productivity happens. We manufacture close to 10,000 tonnes of cattle feed every day and this sold at no profit or loss business to farmers. That is still one-third of the total feed cost. We give them the high-protein stuff, but the cows also need to eat grass, dry fodder, water and so on. This is the feed part.

There is also the breed part. We have several semen stations, sorted semen technology to see that the breed and productivity of the cows improve. There are veterinary services where you can get a doctor within 30 minutes of calling. In every single village of Gujarat. These are the integrative services a cooperative provides, which keeps a farmer interested in the business.

RAKESH SINHA: Is there reluctance among the children of dairy farmers to continue in the trade?

Post COVID, people realise it's a very assured business. There is reverse migration because there is no problem in selling milk. So, people are investing in it and we are seeing the younger generation getting into it. They are interested in increasing the cattle holding size. With the economies of scale, you are able to employ labour. With automation, milking machines, and the different tools available, it is not a drudgery like it used to be. So, people are coming back into this business.

When you treat a cow as a mother, obviously there are sentiments attached. Economics is not important in this regard, but will share our solution to this.

We are now championing a circular economy. A cow gives milk for 300 days in a year, that's the lactation cycle. It gives dung every day. If we are able to pull that dung, which we're started doing, it becomes a source of biogas. That biogas can light a chulha in a village kitchen or we can purify it and run cars (compressed biogas, CNG). The slurry left behind is a bio-fertiliser that can go into the field and replace chemical fertilisers.

So farmers get an income for the gas, and India's fuel and fertilizer imports also reduce. It is a win-win situation and we are trying to stride at that. We have set up multiple plants of incinerator to collect and store dung for local usage. We are also setting up CNG pumps. Additionally, methane can be broken down using solar energy or any other power into hydrogen.

AGGAM WALLA: Can you share Amul's experience with the PU (Product Linked Incentive) scheme? Amul is one of the four companies to have received support for mozzarella cheese under this scheme—if you could talk about this specific segment.

The PU scheme has been good and we have been able to attract investors in the three categories available to us. We are doubling up on our ice-cream manufacturing capacities. We are making new investments in the butter-

milk and beverage segment. Mozzarella cheese is another category. The government identifies certain categories that can help India get into a larger space globally, and because we have good quantities of buffalo milk and buffalo, mozzarella is very premium and this one category was identified. We are the largest manufacturers of cheese in the country, and now also the largest manufacturer of mozzarella cheese, and this investment has been beneficial.

JATIN ANAND: India imports a bulk of its whey protein. Given the pace at which the market is growing, will we be able to become self-sufficient in this sector?

In 2018, I happened to be the in-charge Managing Director for Amul Dairy, which makes cheese and a lot of whey is produced. We weren't getting any price for whey in those days. Whey powder is actually a very cheap commodity. Today, we are selling a range of whey-based high protein products online.

We took some time and have now launched high-protein lentils, where you get 15 gram of protein, compared to normal 4 to 5 gram, in a 200 ml pack. We also have high-protein shakes and are working on a product, which is milk with 30 gram protein. The thing is India is the need for an awakening that each one of us requires one gram of protein per kg of body weight daily.

ANIL SASI: Could you talk about the segregation of markets and how do cooperatives decide how to serve the home market they started out with?

I believe there has previously been a friction between NDRI and Amul over markets, and now of course Amul's entry into Karnataka has been announced in the run-up to the polls.

We have been selling milk in Karnataka since 2015-16. So, Amul milk entering into Karnataka was a media creation for just whipping up sentiments in the period known to you.

Practically, every state has some presence of cooperatives. You also have to look at what is the share of the cooperative in the total milk production of the state. Whenever an organised player enters the market, cooperatives play the role of a catalyst. We will have an extra share. The private sector always wants to buy at the lowest price and sell the finished goods for the highest price, keeping the maximum profit for the shareholders and owners. We do exactly the opposite. We buy the raw material at the

highest possible price, because we are buying it from the owners. So, whenever a cooperative enters anywhere, it will set the cat among the pigeons. At the end of the day, any farmer would welcome a new institution coming to buy products.

Karnataka sells milk at a price which is much cheaper than any other state. So, who is the government subsidising? They're subsidising the consumer, it's not a subsidy to the producer.

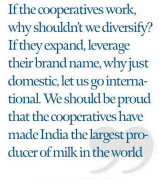
SURAJ SHARMA: Amul was a pioneer but now other state cooperatives have also started diversifying into the larger FMCG space. Do you expect any friction with other dairy cooperatives in different product categories, apart from milk?

If the cooperatives work, why shouldn't we? If they expand, leverage their brand name, why just domestic, let us go international.

India actually a very cheap commodity. Today, we are selling a range of whey-based high protein products online. We took some time and have now launched high-protein lentils, where you get 15 gram of protein, compared to normal 4 to 5 gram, in a 200 ml pack. We also have high-protein shakes and are working on a product, which is milk with 30 gram protein. The thing is India is the need for an awakening that each one of us requires one gram of protein per kg of body weight daily.

KAUNAIN SHEKHAR: In the last five years, Amul has seen a significant visibility in the dark chocolate segment. How did this surge happen?

(A decade ago) we experimented with dark chocolate. The darkest dark in those days was Bourneville, which was 45 per cent dark, which they've increased to 50 per cent. Our dark started with 25 per cent. We entered this market with a slab of 150 gram for Rs 100, with elegant packaging and zero marketing, only using the power of social media. From 2015-2016 to today, people have started talking about it, and we have implemented suggestions to do 75 dark, 90, coffee flavour or orange flavour or sugar free. We have created a portfolio of more than 30 SKUs (stock-keeping unit) of dark chocolate. We also started getting cocoa from Peru, Venezuela, Tanzania and Colombia, and launched a single country age of chocolates. Today, we are the largest manufacturers of dark chocolates in the country.





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Cooperative outlets to sell onions at Rs 30 per kilogram

Cooperative outlets to sell onions at ₹30 per kilogram

The Hindu Bureau
CHENNAI

With onions selling at around ₹80-₹100 a kilogram in some retail stores and online apps, *Ten Pan-nai Pasumai* shops in the city and four mobile shops have started selling onions at ₹30 per kg on Sunday.

“This is a market intervention, and we hope it will bring down the prices. Cooperative outlets will also sell onions. Shops in other places will soon start selling onions at ₹30,” said K. Gopal, Secretary, Cooperation, Food and Consumer Protection Department. The department will focus on slums and areas where low-income groups are concentrated. The State government is procuring onions from the National Agricultural Cooperative Marketing Federation of India Limited at ₹25 per kg, adding cleaning, tran-

sport, loading/unloading and wastage charges, the cooperatives are able to sell onions at ₹30 per kg.

Prices falling

S.G.S. Natarajan of NRC Onions at Koyambedu, said the rates were falling after an increase.

“Every year before Deepavali, prices go up. This year, Karnataka had faced shortage due to lack of water. Onions from Alwar in Gujarat are on their way. These and onions from Nasik will help bring down the prices to a reasonable level,” he said. Mala Maheshwari Saravanan, a homemaker, said she did not buy onions since a kilogram cost ₹100.

“Middle-class families and economically weaker sections cannot afford such high prices,” she said, while adding that she was not aware of cooperative outlets selling onions.

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Amul: The taste and strength of India

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Starting off as a dairy cooperative, Amul has transformed into an FMCG powerhouse with a big bouquet of products



Janaki Krishnan

It is slightly after 6 in the evening and in Sandesar village of Gujarat's Kheda district, dairy farmer Sanjay is getting ready to milk his cows and buffaloes. With 30 cows and 16 buffaloes, he is one of the larger dairy farmers in the village. When he started out about 14 years ago he had only 2-3 cows. He milks twice a day and produces about 500 litres of milk daily.

Sanjay will deposit the milk at the nearby Sandesar Dairy Cooperative Society's milk collection centre. With an income of about ₹3.3 lakh per month, Sanjay has bigger ambitions of expanding by buying more cows.

As shadows lengthen in the village, Sandesar Dairy Cooperative's collection centre is a beehive of activity with long lines of dairy farmers, mostly women, bringing in the milk they have collected.

Gleaming containers hooked up to hi-tech monitors that store milk at low temperatures in the centre, provide a fascinating contrast to the men and women in traditional attire who wait with milk in cans. There are separate lines for those with smaller quantities and those who bring in bulk. Whatever the quantity, it is taken and there are machines that measure the amount of fat in the milk, according to which the farmers get paid.

Sanjay is one among the 3.6 million farmers who form part of the Amul Federation, which is owned by over 18,500 dairy cooperative societies. They control the procurement, processing and marketing of the mammoth enterprise that Amul (originally Anand Milk Union Ltd) has become.

What started in 1946 as Kaira District Cooperative Milk Producers Union with two village dairy co-operative societies and 247 litres of milk has transformed into an iconic FMCG brand with a consolidated turnover of ₹72,000 crore, rivalling Hindustan Unilever, processing close to 30 million litres of milk daily.



BUSY IN AMUL'S PLANT. The dairy major procures 30 million litres of milk every day to process

The story of Amul mirrors the freedom struggle. Even as the country was nearing the end of its battle for freedom from the British, in Anand, a quiet, dusty town in Gujarat, a revolution was taking place. Dairy farmers, at the mercy of exploitative middlemen in the milk trade, were prodded by Sardar Vallabhbhai Patel to form and run their own cooperatives that would directly market the milk they produced.

THE BEGINNINGS

Morarji Desai, who later became Prime Minister, was sent by Sardar Patel to organise the cooperative. He established Kaira District Cooperative Milk Producers Union and installed Tribhuvandas Patel, a Congressman, as its founding chairman. A few years later, Patel was joined by Dr Verghese Kurien, who had been sent to Anand by the Indian government to serve out his bond period (he studied abroad on a government scholarship).

Patel, Kurien and dairy technologist HM Dalaya – the formidable 'tri-



AMUL'S IN-CHARGE MD JAYEN S MEHTA. Looking to be the dairy to the world

umvirate' – then built up the organisation called Amul that has now become an institution. The milk producer has always remained central to the model with 80-85 per cent of the sales going back to the farmers.

In the 1960s, Kurien set in motion 'Operation Flood' – which was not

only about producing more milk, but also setting up cooperatives across the country that are owned and run by farmers, providing employment to millions, empowering women and the local economy.

That decade is significant for another reason: It saw the birth of the Amul butter girl. In a polka-dotted