



Dairy Pulse

13th Edition



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Dairy Pulse 13th Edition (1st to 15th, May 2016)

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Dairy News Indian

Amul Dairy Aims For A RS. 50,000 Crore Turnover In The Next Four Years

MAY 3, 2016

Amul Dairy Aims For A RS. 50,000 Crore Turnover In The Next Four Years

Leading Indian dairy brand, Amul, plans to double its turnover to Rs. 50,000 crore over the next four years. “After taking into consideration the continuous rise in demand for Amul products, we are anticipating at least 20 per cent growth in our turnover for next 4 years,” said R S Sodhi, the managing director of the Gujarat Milk Marketing Federation, the parent company of Amul.

ABOUT THE GMMF AND AMUL DAIRY

Started in 1946, the GMMF was inspired by the freedom movement against colonisation in India. Following a milk strike by farmers in Gujarat, the farmers formed their own milk cooperative that became known as Amul Dairy. Amul Dairy played a major role in ‘Operation Flood’ in the 1960’s, which sought to make India a fully milk sufficient nation. The Amul model of dairy development inspired many dairy farmers and unions across the country. It consists of a dairy corporative society at a village level, which is then consolidated under a milk union at a district level which is then monitored by member unions at a state level.



Amul Dairy has several popular products including Amul milk, bread spreads, cheese, ice cream, paneer, dahi and ghee.

AMUL'S GROWTH IN INDIA

Since its establishment, Amul Dairy has gone from strength to strength. Over the past six years, the company's turnover has tripled to Rs. 23,000 crores.

"Value-added products sale has been showing tremendous growth. The sale of beverage product like Amul kool, fermented products like curd and butter milk has risen sharply. So all these are pushing our growth rate," said Sodhi. However, till date Amul milk remains the brand's most popular product making up 50% of Amul's turnover.



Last year, Amul tied up with 1000 villages from Punjab, who provide the brand with milk catering to an increasing demand.

A recent report by Euromonitor, which analyses markets and consumer patterns globally found that Amul is now at the head of the packaged food market with 7.2% retail value shares. Taking this under consideration, it seems likely that the brand's turnover aims may just pan out.

Mother Dairy eyes Rs 10,000-cr turnover in 3 years

In a bid to expand its market, Mother Dairy is in process of establishing a 25,000 tonnes per year integrated food and vegetable processing plant in Ranchi at an estimated cost of Rs 75 crore.

Published: May 15, 2016 12:29 pm Source: <http://indianexpress.com/>



In a bid to expand its market, Mother Dairy is in process of establishing a 25,000 tonnes per year integrated food and vegetable processing plant in Ranchi at an estimated cost of Rs 75 crore.

Leading milk supplier Mother Dairy is eyeing to cross Rs 10,000 crore turnover mark in next three years on rising demand for dairy products as well as fresh and processed fruits and vegetables.

Mother Dairy, which supplies about 30 lakh litres of milk in the national capital region has posted a turnover of Rs 7,186 crore during last fiscal, out of which about 75 per cent is from its dairy business.

“We are aiming for more than Rs 10,000 crore turnover by the end of FY19 with expected rise in sales across all the segments,” Mother Dairy MD S Nagarajan told *PTI*.

In a bid to expand its market, Mother Dairy is in process of establishing a 25,000 tonnes per year integrated food and vegetable processing plant in Ranchi at an estimated cost of Rs 75 crore.

The freezing line will have the capacity to produce 5,000 tonnes per year of finished product and which will mainly include peas produced in the state.

The pulp and concentrate line will have a capacity of 20,000 tonnes per annum of finished products and this will largely include tomato processing, mango and other fruits.

Besides this, the company is also exploring new markets for its dairy and other milk products and at the same time also expanding its product portfolio with new launches.

Mother Dairy, a wholly-owned subsidiary of the National Dairy Development Board (NDDB), has diversified portfolio with presence in dairy products, edible oil, fruits and vegetables (fresh as well as frozen) and pulses.

The firm sells processed food products like juices and ready to cook products under the brand name Safal and also has presence in edible oil segment under the brand name Dhara.

The company also sells fruits and vegetables and other processed food products on its more than 400 Safal stores in the national capital region and Bangalore.

Safal outlets are being operated on the franchise model, where the company provides basic infrastructure.

During the time of spike in prices of pulses and onions, the Safal outlets had sold these two food items below market prices following the government’s instruction.

Recently, Paytm and Mother Dairy partnered to allow customers make cashless payments through the former’s wallet service across more than 100 milk booths.

Mother Dairy deploys Distributor Management System

The distributors have multiple roles in the market, so it is absolutely necessary to identify the productive roots.

By **Jhimli M** -- <http://dairynews.in/>

May 12, 2016 Source: [Economic Times](#)

“One or two applications are not enough, every business process needs to have a mobile interface which is the primary touch point for any user” Annie John Mathew, CIO, Mother Dairy remarked.

Mother Dairy one of the big guns in the dairy industry, has equipped its distributors teams with Distributor Management System and associated Sales Force Automation. A single DMS runs across the five businesses across India, with each business having a different go to market strategy.



Annie John Mathew, CIO, Mother Dairy

The Company has a diversified range of products in milk, dairy products, edible oils, fruits & vegetables, pulses, processed food like fruit juices, jams, etc. to cater to the daily requirements of every Indian household.

Mother Dairy distributors take orders, pass-on the schemes and sell their products at the retail stores across [India](#).

“The distributors have multiple roles in the market, so it is absolutely necessary to identify the productive roots. We also wanted visibility on the secondary sales and schemes that **Mother Dairy** passes on to the market” said Mathew.

Lot of time was also getting exhausted in the claims process, as it requires validation and then reconciliation of the claim with the manual data. Hence the organization wanted to facilitate the distributors’ claims process.

Her team rigorously evaluated the software vendors that were used by the industry and finalized a Bangalore based company Ubq for its product called Ubq Outreach. They ended up doing some amount of customization in the product as their business needs were very specific.

The Business Heads for [Dairy Products](#) and Edible Oil along with their teams were the champions for the project and had to work on convincing the distributors and ensuring continued adoption.

The company digitally empowered the distributors with android tablets. Since the company has assorted market models, the solution is running on multiple device formats. The distributor sales men have been provided smartphones to influence the selling process.

Mathew believes that there are many places where mobile can prove itself an effective solution for any business process. They have selected the platform to build their mobile applications and now the solutions are in the development phase. These will complement the DMS and SFA systems currently deployed.

With the team of two IT members, Mathew took 3 months in evaluating the solution. After technical assessment, they got the business teams to run pilots with different software and selected the one the users were most comfortable with. And then gradually rolled out to first fifty distributors and then continued the process in short bursts.

“There is no point in rolling out in large numbers, we make sure that it is being used effectively and then continue the implementation process. Otherwise the solution does become the system of transaction but you don’t get to understand the real benefit realization from it. That real benefit realization becomes fundamental before rolling out in larger numbers” she further added.

The idea was to get into Auto Replenishment Mode across the multiple stages in the supply chain. And whenever the stock levels are depleted there should be an Auto Replenishment Trigger which is generated from the system itself.

The solution, Mother Dairy Distributor Management System is presently live in Delhi and Mumbai, and the company plans to cover the entire country by the end of 2016.

Singh releases “Kamadhenu: Cows of India”

Posted in [Co-op News Snippets](#) on May 03, 2016 by [parasnath](#)

<http://www.indiancooperative.com/>



“Kamadhenu: Cows of India” a dairy science coffee table book written by Rajni Sekhri Sibal, former Joint Secretary, Dairy Development was released by Union Agriculture Minister Radha Mohan Singh.

The book has been authored by Haryana’s additional Chief Secretary Rajni Sekhri Sibal and it is said to contain detailed information about indigenous breeds of cows in India.

Speaking on the occasion Singh said scientists, leaders and officers should place national interest first. He lauded Sibal for his efforts.

Singh also mentioned about the national breeding centre for cows that has been established in Andhra Pradesh. Location for another one would soon be identified in Madhya Pradesh for protection of cows, he added.

Several notable personalities including Member NITI Aayog Bibek Debroy, former Chief Election Commissioner of India S Y Quraishi, GCMF MD R S Sodhi and others were present on the occasion.

Dairy farmers sell milk free in protest

<http://www.newindianexpress.com/> By Express News Service

Published: 15th May 2016 04:25 AM



Members of Odisha Dugdha Utpadaka Sangram Samiti staging a dharna demanding hike of milk price at PMG Square in Bhubaneswar on Saturday | Express

BHUBANESWAR: Members of Odisha Dugdha Utpadaka Sangram Samiti on Saturday staged a protest by selling milk free of cost on the road demanding enhancement of procurement price of milk and its inclusion in the MDM and Mamata schemes.

They staged a dharna at the PMG Square here and distributed around 120 litres of milk to the passerby before submitting a charter of demands to the Governor.

Protesting the decisions of the Orissa State Cooperative Milk Producers' Federation (OMFED) not to procure milk from the dairy farmers and milk producers, the organisation demanded hiking of procurement price to `30 per litre. The protesters wondered while water is being sold `20 to `40 per litre, how can a farmer sell milk at `25 to `28 per litre by spending much on fodder. As of now, while Odisha produces around 3.5 lakh to 4 lakh litres of milk daily, OMFED has the capacity to process maximum 2.5 lakh litres.

Association president Janmejaya Jena said if the OMFED does not have capacity to process all the milk, the Government may include milk in the MDM and Mamata schemes and provide milk at the anganwadi centres.

Creambell Ice Cream wins Top honours

Creambell Ice Cream wins Top honors at the 5th Great Indian Ice Cream Contest, 2016

By **Jhimli M** - <http://dairynews.in/>

May 7, 2016 Source : [fnbnews](#)

Creambell, a leading player in the Indian ice cream sector, has won two Gold awards for Vanilla and Most Innovative Ice Cream as well as the Best in Class Ice Cream in the Vanilla category in the 'The 5th Great Indian Ice Cream Contest, 2016,' which was held under the aegis of the Indian Dairy Association at Double Tree Hilton Gurgaon recently.

The company won two gold medals in vanilla ice cream category and innovative category and its range beat all other brands to be declared the Best in Class ice cream in the Vanilla category.

Speaking on the occasion, Nitin Arora, CEO, Creambell Ice Cream, said, "We are privileged to win multiple awards at what is arguably one of the most prestigious ice cream awards in the country. It is especially heartening to be recognized for our innovative products since that is at the heart of brand Creambell. It is also gratifying to receive the top honors for the Best in Class Award in the Standard Vanilla Category at the Great India [Ice Cream](#) Contest 2016 because Vanilla is the most popular flavor of ice cream sold nationally. There cannot be better recognition for any ice cream brand than to be chosen as the best ice cream in its class in the country!"

The annual contest is organized to challenge ice cream manufacturers and producers to present their best products for popular choice awards. More than 90 ice cream companies across India participated in the event and competed in four different categories. The contestants had presented nearly 700 samples for the contest.

The Creambell ice cream varieties were primarily judged on their flavor, aroma, texture, body, and presentation. A panel comprising representatives from the ice cream, [dairy and food](#) industry, members of the [Indian Dairy Association](#), and technical and innovation experts from DuPont, judged the event. Indian celebrity chef and restaurateur Kunal Kapur (judge of Master Chef series) was the chief guest for the event and Dr Rajoria, VP, International Development Association (IDA), was present on the occasion.

Haryana govt to set up centre of excellence for dairy sector

<http://www.thehindu.com/> CHANDIGARH, May 15, 2016

The Haryana government on Saturday said it will set up a centre of excellence for animal husbandry and dairy at Hisar with the help of Israel, as part of its efforts to raise per capita availability of milk.

An official spokesman said the centre of excellence will be established at a cost of Rs 15 crore under the Rashtriya Krishi Vikas Yojna.

It would be established in the already existing State Cattle Breeding Project at Government Livestock Farm, Hisar and would extensively use the Total Mixed Ration technology of Israel.

The major objective of the proposed centre is to establish a model dairy farm with Israel's cost-effective and innovative dairy technologies accustomed to local conditions for achieving an intensive dairy production system of global standards.

Also, this centre of excellence is aimed at training the farmers of Haryana about Israel's technology on raising productivity of dairy sector in India, he added.

He said the state government is taking effective steps to increase milk production in the state. - PTI

Odisha dairy farmers pour 20,000 litre milk on road

By **Jhimli M** - <http://dairynews.in/>
May 13, 2016 Source : [timesofindia](http://timesofindia.com)

SAMBALPUR: Annoyed over the non-procurement of milk by the Odisha State Cooperative Milk Producers' Federation (OMFED), the dairy farmers of Bargarh district on Thursday poured thousands of litres of milk on the road at Gandhi chowk in Bargarh town.

While the farmers poured around 20,000 litres the milk, which was rejected at the chilling plant of OMFED in Bargarh town, they also opened the tap of a milk tanker, which was going through the Gandhi chowk. Around 5900 litres of milk, stored in the tanker, also flowed down on the road.

The farmers alleged that the OMFED is deliberately rejecting the milk of the dairy farmers. "Around 20,000 litres of milk of dairy farmers, procured from Bargarh-Bheden and Bargarh-Barpali route, was rejected at the chilling plant at Bargarh today.

The authority here said that the milk was rejected because of poor quality. They had tested the quality when they procured the milk from the route. However, they rejected the milk at chilling plant. They did it deliberately," said president of the Bargarh Zilla Dugdha Utpadana Chasi Sangha, Sureswar Satpathy.

"Earlier, the OMFED was procuring around 1 lakh litres of [milk](#) from the district. However, OMFED has already curtailed the milk procurement from the district. Around 70,000 litres of milk are being procured from the district now. But they are also regularly rejecting thousands of litres of milk every day. The milk farmers are incurring huge loss because of this attitude of the OMFED. Instead of strengthening the marketing of the milk and milk produces, they are rejecting the milk of the poor farmer," said Satpathy.

When contacted the General Manager of Samaleswari Regional Cooperative [Milk](#) Producers' Union Limited, K.K. Naik however, said, "The milk was not procured as it was tested positive in the adulteration test. It is not a new thing. 1000 litres of milk was rejected yesterday also. However, the agitating milk farmers today opened the tap of milk tanker and as a result thousands of litres of milk were drained on the road."

Dairy farmers cry over parties' plan to cut milk prices

By **Jhimli M** - <http://dairynews.in/>
May 13, 2016 Source : [timesofindia](http://timesofindia.com)

Chennai: Dairy farmers and officials of state-run [milk cooperative Aavin](#) have expressed concern over promises AIADMK and DMK have made in their manifestos to reduce the price of Aavin milk.

While AIADMK has promised to reduce the price of Aavin milk to 25 from 37, DMK says it will lower the price by 7. At a meeting of TN farmers' associations on Tuesday, dairy farmers said they fear they will incur losses if prices are reduced.

"When they sell milk at Rs 37 a litre, the government gives us 28. After factoring in transportation and other costs, we get 26.20. If they cut prices, we will suffer at some point. They will not pay us on time," said dairy farmer S Thomas from Tiruvannamalai.

For every liter of milk produced, he said the state returns 200-300ml to farmers as excess due to insufficient processing facilities. "The government gave 60,000 cows to farmers and AIADMK has again promised the same. Where will we sell all this milk?" he said.

Aavin officials are also apprehensive. The federation makes a profit of 1.25 to 1.50 on each litre of milk sold.

"The surplus funds are used for infrastructure development. Only with this profit and government grants have we been able to increase procurement capacity to 30 lakh litres a day," said a senior Aavin official.

While DMK has promised to supply milk to noon-meal schemes in government schools, AIADMK has promised to compensate Aavin. Insiders say the government subsidy could be 600- 700 crore a year.

The official said dairy farmers' dues are settled every week, and if government subsidy is not released on time, payment to farmers may be delayed.

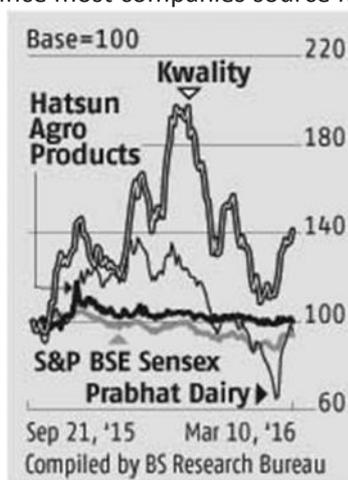
Dairy companies: Focus on premium products to boost earnings

Strong upside for Kwality and Hatsun Agro but high valuations may cap gains for Prabhat Dairy

By **Jhimli M** - <http://dairynews.in/>

May 11, 2016 Source : business-standard.com

Since the Budget announcement, shares of Kwality and Prabhat Dairy have run up 23 per cent and 47 per cent, respectively, compared to the Sensex's six per cent gain. However, Hatsun Agro Products hasn't seen much gains. These stocks cheered the government's allocation of Rs 850 crore to four dairy projects over the next three-five years. The allocation, which comes after a few years, is aimed at shoring up productivity of cows. Since most companies source milk directly from farmers or via vendors,



they will benefit on sourcing front.

Hatsun, Kwality and Parag Dairy have also stepped up focus on value-added higher-margin dairy products such as flavored milk, paneer, curd, ghee, and butter, which will aid their revenue and margins. Lower penetration of organized firms (only 20 per cent) is another positive. With more and more consumers becoming brand and health conscious, these firms will benefit.

On business, both Kwality and **Prabhat Dairy** are focusing on increasing revenues from the retail or B2C (business to consumer) segment, against being largely B2B (business to business) firms historically. Kwality, which gets 31 per cent of its domestic revenues from the B2C segment, aims at launching more value-added products for this segment, and is investing Rs.525 core in setting up a plant for this and growing its milk-procurement infrastructure.

Prabhat Dairy is betting highly on the horeca (hotels, restaurants, and catering) segment and launching products such as matka dahi, cheese and shrikhand to drive growth in the B2C segment.

While the focus on B2C is positive, the B2B segment of these companies continues to witness healthy traction. Hatsun, too, is looking to launch premium products and further strengthen its market position in south India. Volatility in raw milk prices and competition are the key downside risks for these companies.

Most analysts are positive on these three companies due to their strong business prospects. While they expect returns of 20-22 per cent for Kwality and Hatsun, Prabhat Dairy's trailing 12-month PE (price-earnings ratio) at over 100 times indicates expensive valuations.

Dairy sector to milk Rs 10k-cr investments in 5 years

Analysts say the major share of the investments are likely to be for creating farm infrastructure for collection and storage of milk

By **Jhimli M** - <http://dairynews.in/>

May 11, 2016 Source : [business-standard](http://business-standard.com)

As the Rs 4 lakh-crore Indian **dairy industry** catches the fancy of corporate giants, the sector is estimated to see investments worth Rs 9,000-10,000 crore over the next five years.

Analysts feel the major share of investments would be for creating infrastructure at farm for collection and storage of milk.

Ashok Sharma, president and chief executive, agri and allied services, Mahindra and Mahindra, which has recently forayed into dairying with its Saboro brand, explained, "The value of dairy industry at the retail level is Rs 4 lakh crore. The share of the organised industry is approximately 30 per cent and is growing at a robust rate of 15 per cent per annum. The value added segment is the major driver of this growth with around 18-20 per cent growth. Curd, lassi and butter milk are growing at around 18 per cent while the smaller categories like flavoured milk, yoghurt and cheese are growing upwards of 20 per cent per annum."

This high rate of growth and increasing preference for branded products is what is drawing players like Mahindra and Mahindra. A Crisil ratings report said the share of value-added products in fiscal 2015 is estimated at 43 per cent, up from 35 per cent in fiscal 2010. Rising purchasing power and increasing health consciousness have spurred lifestyle changes in recent years because of which consumers have gravitated towards value-added products, Crisil felt.

Shiva Mudgil, vice-president, senior [dairy analyst](#), food and agribusiness research and advisory at Rabobank, explained, “Increasing organised activity in Indian dairy and direct processor-farmer engagement will entail significant investments in creating capacities for milk procurement, milk handling and product manufacturing. Investments in the [dairy business](#) will broadly range between Rs 9,000 crore and Rs 10,000 crore in the next five years.” The major share of the investment will be for creating infrastructure at farm for collection and storage of milk.

Mudgil further added that a bulk of the investments would be made by private dairy companies, but sourcing quality milk could be a challenge.

“This segment will comprise [domestic dairy](#), food-FMCG companies and international [dairy companies](#). For them, sourcing quality milk will be the most critical challenge and this will force them to invest in milk procurement to increase direct farm engagement,” he said.

Analysts thus feel that these companies will also look to expand beyond their regional base. Innovation and technology focus will be important for them to cater to emerging consumer trends, either by developing new products or creating a unique positioning in existing product categories. “This will help them differentiate from the competition in the market with positive impact on the margins,” Mudgil added.

Mahindra, for example, has started with 2,000 farmers and claims that it ensures that the milk collected reaches the processing plant in the shortest possible time.

Sharma said, “We have forayed with liquid poly-pouch milk. We did a lot of market research and understood that the consumer in Indore demands fresh, thick milk.”

The company has thus taken care to differentiate its products from what is already available in the market. The milk is fortified with Vitamin A and D. In Sharma's words, "One of our variants, cream rich, is the thickest milk available in the market with 44 per cent higher cream content than standardised milk. Also, our protein-rich variant is specially fortified with extra protein. Thus, our products stand out in terms of quality and nutritional value."

Mahindra's poly-pack milk will be followed by value-added products like ghee, curd, lassi and butter milk.

FMCG major ITC, on the other hand, has forayed into dairy with Aashirvaad Svasti pure cow ghee. "The ghee was launched in select southern markets and we will look at expanding our footprint across the country. We are taking a regional approach and the ghee is customised to cater to local preferences," explained Sanjiv Puri, executive director, ITC Limited.

ITC has set up a [dairy plant](#) in Munger. "As we expand our portfolio and footprint, we will explore the possibility of setting up such facilities," Puri added.

According to the National [Dairy Development Board](#) and Crisil research estimates, India produces around 3.80 million litres per day (LPD) of milk, accounting for a fifth of global output. About 40 per cent of this is retained by producers (farmers) for household consumption. Another 41 per cent share is with the unorganized segment. The remaining 19 per cent is procured, processed and sold through organized dairies.

Given the rising demand for branded products and investments being made by organised sector players, Crisil believes the share of organised segment will increase to about 25 per cent by fiscal 2018. In volume terms, the dairy industry grew four per cent annually in the five years ended fiscal 2015, while the organised sector grew twice as fast. The volume of milk processed from the organised sector is expected to grow 13 per cent annually by FY2018, way ahead of a five per cent annual growth for the industry at large.

Cooperatives, however, have a strong presence and hold over the Indian [dairy market](#), and can pose a challenge for the growing corporate dairies when it comes to milk procurement.

While the Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets the Amul brand of dairy products, took its turnover of Rs 8,000-23,000 crore (provisional figure of FY16) just about six years, its procurement too grew by 91 per cent in the last six years. GCMMF would invest Rs 5,000 crore to set up 10 processing plants that would take its processing capacity to 3.2 million LPD from 2.3 million LPD.

SWEET DEALS

(Private equity investments in dairy sector)

2015: TVS capital funds in Prabhat Dairy

2014: Growth Partners in Milk Mantra Dairy Pvt Ltd

2013: IFC in Parag Milk Foods Pvt Ltd

IAF (Rabo PE) and Proparco in Prabhat Dairy

Aavishkar India in Milk Mantra Dairy Pvt Ltd

2012: Ambit Pragma in Neo Anurena Tristar

IDFC and Motilal Oswal in Parag Milk Food Pvt Ltd

Blackriver Investment (part of Cargil ventures) in Dolda Dairy Ltd

2010: Carlyle group in Tirumala Milk Products

Source: CRISIL research, industry, published sources

Prabhat teams up with Abbott to foster dairy entrepreneurship

By **Jhimli M** - <http://dairynews.in/>

May 10, 2016

To facilitate budding entrepreneurs in rural dairy farming communities and bring about capacity building and socio-economic growth, Abbott Nutrition has teamed up with Prabhat Dairy, an integrated milk and dairy products company.

For close to six years, Prabhat Dairy has been supplying milk powder and milk to Abbott Nutrition. The US firm, which has nutrition products for people of all ages, decided to go to the grass roots in

Maharashtra to meet the growing demand for high-quality milk powder for its paediatric and geriatric nutraceuticals.

Local sourcing

Elizabeth Riordan, Divisional Vice-President (Global Dairy Operations), Abbott Nutrition, said the firm decided to share its modern dairy, engineering, nutrition and business expertise with Prabhat to create new systems for dairy in Maharashtra.

“We opened a plant here in 2014 for nutritional business, and now source almost 80 per cent of our milk from here,” she told reporters at Shrirampur, Ahmednagar. The company sources 3,000 tonnes of milk from the region, more than half from Prabhat Dairy.

“India is the largest milk market. Our biggest opportunity is to continue development of quality sources of milk here,” she added. The duo launched Nirmal Dhara dairy development project to create stronger farming communities. Some 350 farmer households have participated since its inception in March.

Bulk coolers

Abbott made an extensive survey of Ahmednagar district in Maharashtra, and located 10 villages where bulk milk coolers of 2,000 litres each would be installed. The bulk coolers are meant to be an initial road map for local entrepreneurs to ensure good hygiene practices and transparent milk procurement systems.

The new milk collection centres in five villages allow farmers to sell milk, in their own communities. Through ongoing training, incentive and improved infrastructure, the Nirmal Dhara programme aims to empower dairy farmers to increase both the quantity and quality of their milk.

Vivek Nirmal, Joint Managing Director of Prabhat Dairy said around 250 villages were screened before participation in the programme.

“It is not just a [clean-milk project](#). We tried to identify costs involved, and how to bring down production costs,” he said.

The US company said its nutrition business needed a sustainable approach to securing quality milk in India, and the programme provided an opportunity to tackle complex social and economic barriers.

Low prices make dairy export to Russia unviable

By **Jhimli M** - <http://dairynews.in/>

May 10, 2016

India is unlikely to gain from the opening of Russian markets for hard cheese export due to price fall in international markets. As against the current Rs 350 a kg in Indian markets, skimmed milk powder (SMP) is quoted at Rs 180 a kg in international markets, including Russia. Hard cheese is being quoted in Indian markets at around Rs 400 a kg and Rs 200 a kg abroad. Butter is \$5,000 a tonne here and less than \$3,000 elsewhere.

This slump in global prices, by about 50 per cent, has taken place in the 16 months since Russian president Vladimir Putin announced the opening of his country's market for Indian dairy products. However, global dairy markets seem to have begun a recovery and Indian dairy exporters could see an opportunity in the future, says R S Sodhi, chairman, Gujarat Co-operative Milk Marketing Federation, producer of the Amul brand of dairy products.

Amul has, sensing a coming opportunity in Russia, trebled its cheese production capacity to 120,000 tonnes a day from the earlier 40,000 tonnes per day, for an investment of Rs 600 crore. With its aggressive pricing, it has 96 per cent of the Indian butter market.

The Union commerce ministry had signed the protocol, mandatory procedural requirement to commence exports to Russia, on April 28. GCMMF has initiated talks with a couple of Russian cheese

importers

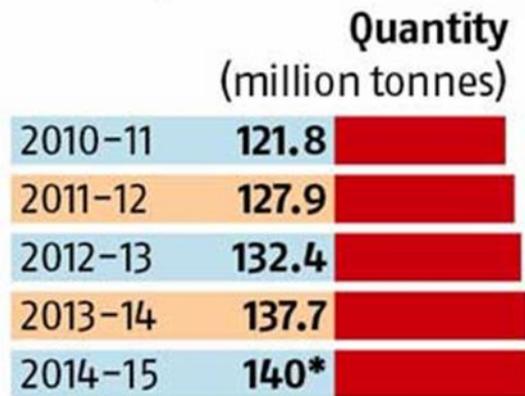
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future

deals.

WHITE REVOLUTION

Milk output in India

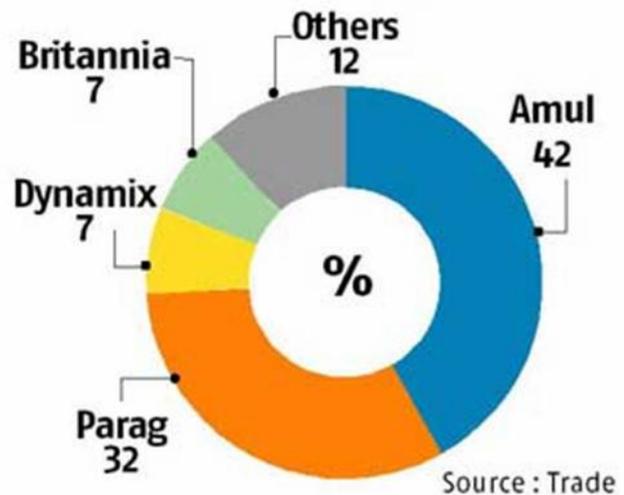


*Estimate

Source : Department of Animal Husbandry, Govt of India

TRADE GAME

Market share in dairy production



However, despite the reports of unviable prices, Govardhan brand dairy products producer Parag Milk Foods aims to dispatch a first consignment of hard cheese to Russia by the end of June.

“We have lined up a number of Russian buyers for hard cheese export. We were waiting for the government to sign the protocol to finalise the terms of trade with Russian buyers. Since the protocol has been signed by India, we expect the Russian government to reciprocate in two weeks. We would start negotiating terms of trade after that,” said Devendra Shah, managing director at Parag.

[Rosselkhoznadzor](#), the Russian regulatory agency, had initially approved only Indian farms with at least 1,000 cattle under ownership. Only Parag and Schreiber Dynamix met these norms. Most large dairy farms in India, including GCMMF, operate under the co-operative model in which farmers remain the owner of cattle.

The government sought relaxation in this norm and Russia eventually agreed. According to Shirish Upadhyay, senior vice-president at Parag, the new Russian rules focus on sourcing of milk instead of number of cattle, to accommodate more exporters from India.

Russia’s annual cheese consumption is estimated at 230,000 tonnes and is being met largely through import from the Americas and its neighbors.

Dairy co-ops compete for the huge milk market in Goa Dairy

By **Jhimli M** - <http://dairynews.in/>

May 9, 2016

Source and Writer : [Anca Voinea](#) through [Thenews](#)

Goa state now has two dairy co-ops competing for its market with the news that Gujarat Co-operative Milk Marketing Federation, which trades as Amul, is opening a processing plant in the region.

In January, the government of [Goa](#) granted Amul permission to set up a dairy production unit – the state’s second development of this scale – in a bid to reduce dependence on milk imports.

Goa Dairy, the Goa state milk producers’ co-operative union, also runs a production plant, and counts 165 of the state’s 175 milk-supply societies as members. It is a major milk supplier in the state, selling 85,000 litres per day.

However, Goa is currently only producing 40,000 litres of milk per day, while demand is estimated at 450,000 litres.

New player Amul – India’s largest food products marketing organisation – includes 17 member unions and sells 12 million litres of milk per day in India.

It entered Goa for the first time in 2013 but will now be buying milk directly from farmers in Goa. It has pledged to invest in infrastructure for farmers and provide veterinary services.

The government of Goa will also provide weight-monitoring and milk-testing equipment to every society in the state to help improve production. The initiative forms part of India’s animal wellness programme and its National Dairy Plan.

Also known as Mission Milk, the plan aims to double the country’s milk production to meet the growing demand – with India already the world’s biggest producer and consumer of milk.

In March, Goa Dairy challenged the government's decision to let Amul build a production plant in Goa on the grounds that Amul was not a multi-state co-operative.

In 1984, Goa Dairy signed an agreement with the [National Dairy Development Board](#) stating that no other dairy business would be allowed to carry out a similar activity in Goa. However, the Bombay High Court's judgement has sided against the petition filed by Goa Dairy.

Cadbury is a lone success where India's local brands reign

By [Jhimli M](#) - <http://dairynews.in/>

May 9, 2016 Source : [thenational](#)

A factory that recently opened in the south of India will churn out 60,000 tonnes of Cadbury's Dairy Milk chocolate a year. That's just to start.

By 2020, the US\$30 billion [Mondelez International](#), which owns the confectionery brand, aims to produce 250,000 tonnes of the chocolate at the plant in Andhra Pradesh annually and employ 1,600 workers. As its largest factory in the Asia Pacific region, it has been set up with an investment of \$190 million and it covers more than 53 hectares.

Mondelez, which also has brands including [Oreo biscuits](#) and Trident chewing gum, has been producing food in India for 70 years and already has factories in Himachal Pradesh, Karnataka, Maharashtra and Madhya Pradesh.

"We are bullish about India and see this country as a huge opportunity," says Maurizio Brusadelli, the president, Asia Pacific, for Mondelez International. "India is a priority market for us. We are investing today and building capacity for tomorrow."

Mondelez and Nestle are the main multinationals operating in the packaged food space as they strive to compete here, which is dominated by Indians brands including Amul, Britannia, Mother Dairy and Parle.

There is a great deal to be gained for successful companies here, in a country that has a population of more than 1.2 billion. India's packaged food industry is rapidly growing. The sector is likely to rise

to \$50bn next year from \$32bn last year, according to the Associated Chambers of Commerce and Industry of India (Assocham).

Demand for ready-to-eat food and snacks is surging in India amid factors including the country's young demographics, rising incomes, the expansion of organized retail and that more women in India are working so households have less time to prepare fresh meals.

"The consumption of packaged food is much higher in the urban areas, especially metros, where life is fast-paced, attracting a lot more companies to launch new types of products and variants," says D S Rawat, the secretary general of Assocham.

A survey conducted by Assocham revealed that 80 per cent of the demand for packaged food is in urban areas.

Domestic manufacturers are increasing their distribution and penetration into rural India, according to Euromonitor. "Launching smaller packs with lower price points boosted their efforts in this direction in 2015."

It says that the market managed to grow by 15 per cent last year despite the fact that Nestle's popular Maggi noodles were temporarily banned in India after the food safety regulators raised concerns over the safety of the ingredients.

Euromonitor says that domestic manufacturers are dominating the packaged food sector, "whereas international players still have to understand the dynamics of the Indian consumer mindset". Domestic manufacturers are also increasing their range of products, it says.

Amul, a dairy brand based in the small town of Anand in Gujarat, is considered to be one of India's biggest success stories. It is the brand of Gujarat Co-operative Milk Marketing Federation, which is owned by millions of dairy farmers in Gujarat. Amul is a well-known name and produces butter, processed cheese, ice cream, chocolate and a range of other foods.

Amul turned over 230 billion Indian rupees (Dh12.7bn) in the financial year to the end of March, up by 11 per cent on the previous year, and holds the biggest market share in the packaged food sector in India.

Its pricing is attractive and it is quick to compete with any international names that come into the market. For example, when Unilever launched its Magnum brand of ice cream bars covered in Belgian chocolate, Amul responded last year by bringing out a similar product, Epic, which it sells for less than half the price of Magnum.

Cows on ramp

By [Jhimli M](http://dairynews.in/) - <http://dairynews.in/>

May 8, 2016 Source : [Times of India](#)

Hundreds of cows and bulls walked the ramp on Saturday in a bovine beauty pageant aimed at promoting domestic cattle breeds and raising awareness about animal health.

As farmers led their animals, the panel of experts judged the beasts for their size and overall looks, the length of their horns and, for the cows, their [milk-yielding](#) capacities.

The judges selected 18 winners in various categories, choosing the healthiest and best-looking cows and bulls from more than 630 animals in the contest, held in the farming town of Rohtak in Haryana state.

On the ramp, the bovines displayed their individuality. Some sashayed with casual grace, while others dug in their heels and had to be pulled and prodded by their owners to walk for the judges. The winners, representing three different breeds, carried home prizes and a winner's sash.

The farmers led their prize cows with pride at the sprawling grounds of the [International Institute of Veterinary Education and Research](#).

"I have brought my best cow for the show and she has won a prize," Randhir Singh, a farmer from Dwarka, said as he pointed to a red ribbon tied around the head of his well-groomed cow, which won first place in its category. "I wanted my cow to win and she has done me proud."

Prem Singh, the Haryana official in charge of animal husbandry, said only indigenous breeds were allowed to take part in the contest because the state government was trying to popularize local breeds of cows.

Farmers from all 21 districts of Haryana participated in the cattle show and pageant, the official said.

In recent years, India has emerged as one of the world's largest producers of milk, although yields from Indian cows are low compared to those in Europe or America. The government is trying to improve milk yields of domestic cows by offering better veterinary support and counseling to cattle farmers.

Shwet Kapila could be cow of the future

Shwet Kapila, as the breed is referred to locally, is possibly found only in Goa and if all parameters related to its breed are studied,

By **Jhimli M** - <http://dairynews.in/>

May 8, 2016 Source : [Times of India](#)

Agricultural scientists are viewing the local spotless white cow as the animal of the future for its healthy milk, which contains the A2 protein. Shwet Kapila, as the breed is referred to locally, is possibly found only in Goa and if all parameters related to its breed are studied, it may receive a commercial boost for its valuable milk that has medicinal properties, sources said.

DNA tests on a few white cows in a gene testing facility of [Indian council of agricultural research](#)(ICAR), central coastal agricultural research institute (CCARI), Old Goa, have shown that these indigenous cows produce the more healthy A2 milk variety.

“We took blood samples of a few cows from different locations in Goa and separated its DNA for A2 gene and to our surprise, it distinctly has this protein gene,” principal scientist (animal reproduction), ICAR-CCARI, Old Goa, E B Chakurkar said.

With awareness about health, eating habits and food increasing, importance is being slowly given to better quality milk from indigenous cows. [Dairy milk](#) produced on a larger scale is now known to contain hormones, steroids, urea and chemicals, sources said.

“With this in mind, it is necessary to conserve Shwet Kapila,” Chakurkar said. Milk contains two main types of beta-casein protein, A2 and A1, but the major chunk of milk marketed for consumption is either A1 type or a mix of A1 and A2 type. Dairy farming being a commercial activity, the emphasis on producing milk in bulk quantity has resulted in quality losing importance.

India has 37 breeds of cows and only a few indigenous breeds. Gir, Sahiwal and Red Sindhi are found in Goa, but the state also has some strains of cows that are neither recognized nor registered. “One of them is Shwet Kapila and it needs to be properly studied as it is suited for the local environment,” scientist, veterinary pathology, ICAR-CCARI N Shivsharannpa said.

India’s ice cream market heats up

India's ice-cream market is growing fast with brands mostly dividing into one of two camps – happiness or health – in their marketing strategies.

By **Jhimli M** - <http://dairynews.in/>
May 6, 2016 Source : [Warc staff](#)

India’s ice-cream market is growing fast with brands mostly dividing into one of two camps – happiness or health – in their marketing strategies.

The value of the category rose almost 17% last year according to researcher Euromonitor, while volume is growing even faster this year, for some companies at least.

R S Sodhi, managing director of [Gujarat Co-operative Milk Marketing Federation](#) which owns the Amul brand, told the Business Standard that sales are “[growing at least 30%](#) month on month as compared to the last season” and new manufacturing capacity is being added.

A similar analysis came from Sumit Mathur, general manager, HUL, who noted that India is one of the lowest per capita consumers of ice cream in the world. “However, this is changing with the category growing in high double digits and ‘out of home impulse’ consumption being on the rise.”

Such spur-of-the-moment purchases tend to be based on a consumer’s mood and as the managing director of [Vadilal](#), a regional brand aiming to go national, observed: “Ice-creams are all about enjoyment”, and its advertising featuring actress Parineeti Chopra reflects that.

“We chose Parineeti to tell our brand’s story as she comes across as a bubbly, cheerful person,” said Rajesh Gandhi.

Global brand Baskin Robbins is also focused on happiness, with an added ‘cool’ factor as it targets young adults specifically.

Other local players, such as Amul and Havmor, have focused on health – respective taglines include ‘Real milk. Real ice cream’ and ‘Goodness of pure milk in Havmor ice creams’ – as they seek to differentiate themselves from cheaper products using vegetable fats and to appeal to urban consumers concerned with well-being.

The premium category is emerging as a particularly active area for ice-cream brands, but even as they put greater marketing spend behind these ranges so they are also facing greater pricing pressures.

The Business Standard reported industry sources as saying that competitive pricing by players like Amul (its Epic brand, for example costs Rs 40) had forced Unilever to slash the price of its Magnum range from Rs 95 to Rs 75. Data sourced from Business Standard; additional content by Warc staff.

Dairy farming

Mulkanoor Cooperative Rural Bank and Marketing Society and has farmers who have overcome drought, thanks to the dairy units.

By **Jhimli M** – <http://dairynews.in/> May 6, 2016 Source : Thehindu

At Mulkanoor, farmers reap the benefits of dairy farming

Even as acute drought conditions in the State are forcing migration of farm labour in search of employment, this village in Bheemadevarapalli mandal has set an example by overcoming drought by taking to dairy sector as an alternate source of income.

An upland village sans irrigation sources, **Mulkanoor** has become a role model in the cooperative movement since 1956 with the launch of the Mulkanoor Cooperative Rural Bank and Marketing Society and has farmers who have overcome drought, thanks to the dairy units.

A majority of the population here, comprising about 10,000 people, took to dairy in the past two years to mitigate drought and are reaping the benefits. They supply over 1,500 litres of milk a day to the cooperative dairy and Karimnagar dairy. Besides, some hundreds of litres of milk per day are consumed locally, for a healthy life.

“I was unable to raise any crop on my three acres of land as the well got dried up due to drought since the last two years. I bought two milch animals by taking loan from the cooperative bank and am earning Rs. 200 per day by selling milk after covering input costs of fodder and cattle feed. My animals have stopped my migration from village and I am leading a comfortable life, says Chitkuri Yadagiri, happily.

“The dairy units are a ray of hope for farmers throughout the year. It protects the farmer during the drought and otherwise also by providing nutritious milk and manure,” says Bollampalli Swaroopa, who is rearing a milch animal, that fetches her daily income of Rs. 100 to Rs. 150. Recollecting the olden days where the dairy units were part of agriculture, she called upon farmers to take up dairy units for regular source of income even if there is no drought.

Village sarpanch Vanga Ravi proudly said there was no migration of labour ever since the dairy units have come up. He said farmers had taken to fodder cultivation with available water sources and reaping the benefits.

Mulkanoor Cooperative Rural Bank chairman and former legislator A. Praveen Reddy said: “We encourage farmers to take up dairy units by providing financial assistance as additional income generating source. Incidentally, they are a hit with farmers repaying the loans too.”

There has been no migration of labor ever since the dairy units have come up.

Amul will invest Rs 2,500 crore

The company is looking to establish one plant each for milk processing in Kolkata and Mumbai and two more plants in Gujarat. They will also raise capacity in the existing plants.

By [Jhimli M](http://dairynews.in/) - <http://dairynews.in/>

May 5, 2016 [Source : DnaIndia](#)

Dairy major GCMMF, which sells products under the **Amul** brand, is planning to invest about Rs 2,500 crore to raise its milk processing capacity to more than 38 million liters per day in the next four years.

“There has been rise in milk demand across the country and therefore, we are planning to raise our milk processing capacity by another 10 million liters per day from current capacity of 28.1 million liters per day (mltpd),” Gujarat Co-operative Milk Marketing Federation (GCMMF) Managing Director R S Sodhi told PTI.

The cooperative is looking to raise the capacity by 2020, which will require an investment of about Rs 2,500 corer, Sodhi added.

“As of now, we are looking to establish one plant each for milk processing in Kolkata and Mumbai and two more plants in Gujarat. Besides this, we have plans to raise the capacity in few existing plants,” he said. The cooperative has about 60 various processing plants, of which 40 are in Gujarat only. About 50% of Amul’s turnover comes from milk sale only, commodity business contributes 5-7% and the rest comes from value-added products segment.

Besides milk, the cooperative is focusing on value-added products like cheese and has raised cheese producing capacity three times to 120 tonnes per day from 40 tonnes per day in the last six months, as it was unable to meet the rising demand, he added. In the last six years, the dairy cooperative’s turnover has jumped nearly three-fold to Rs 23,000 corer and is aiming to more than double it to Rs 50,000 corer by 2020, Sodhi said.

There are 17 member unions of GCMMF (Amul) associated with more than 36 lakh farmers across 18,600 villages of Gujarat.

The member unions of GCMMF have also established their own milk processing plants in Haryana, Uttar Pradesh, Maharashtra, Madhya Pradesh, West Bengal and Rajasthan and is procuring milk from other states.

Parag Milk IPO hits Dalal Street

May 5, 2016 Source : [Businesstoday](#)

The Rs 760-crore IPO of [dairy firm](#) Parag Milk Foods was subscribed 10 per cent on the first day of the issue on Wednesday. The offer received bids for 19,71,385 shares against the total issue size of 1,91,85,714 shares, data available with the NSE till 1700 hrs showed.

The issue closes on May 6.

Parag Milk is looking to raise around Rs 760 corer through the IPO, whose price band has been fixed at Rs 220-227 per share. The offer comprises fresh issue of equity shares worth Rs 300 crore and an offer for sale of over 2 crore equity shares. The company raised nearly Rs 343 crore from anchor investors on Tuesday and allotted shares at Rs 227 apiece, the upper end of the price band fixed for the IPO. Retail investors are being given a discount of Rs 12 per share.

Brokerage firm Angel Broking recommended investors to subscribe to the issue from a longer term perspective. "Considering the company has a diversified product basket, strong brands and wide distribution network, we believe that the company will continue to perform well on both the top-line and the bottom-line front," said the brokerage. Below is all that you need to know about the company before subscribing:

ABOUT THE COMPANY

Parag Milk Foods is one of the leading manufacturers and marketers of dairy-based branded foods in India. The company has well recognized brands like "Gowardhan" and "Go" in its portfolio and has a

pan-India network comprising of 15 depots, 104 super stockists and over 3,000 distributors. It has also been growing in the cheese segment where it currently has a market share of 32 per cent.

WHY YOU SHOULD INVEST

Well established brands

“Media and consulting agencies have recognized ‘Gowardhan’ as the most trusted brand in the food products category and ‘Go’ as the most promising brand in the FMCG category,” said Angel Broking in its IPO note.

‘Go’ cheese has gained enormous momentum since its launch and has been competing with Amul, a name synonymous with cheese and butter in India for a long period of time. Its other brands include ‘Pride of Cows’ (premium quality cow milk) and ‘Topp Up’(beverages).

57% of sales from value-added products

Brokerage Prabhudas Liladhar said unlike most other dairy players where liquid milk and skimmed milk powder account for majority of sales, Parag derives 57 per cent of sales from value-added products like Cheese, UHT Milk, Ghee, Whey products, Flavored milk, Buttermilk and other value-added products.

“Value-added products offer higher margins and profitability although it requires higher inventory levels than fresh products,” the brokerage added.

Established track record of growth

Aided by growing popularity of its brands, the company has posted a revenue Compound Annual Growth Rate (CAGR) of nearly 22 per cent over FY2011-2015 to Rs 1,439 crore. Going forward, Angel Broking expects the company to be able to maintain its growth on the back of shift in share from unorganized market to organized market for products like ghee, paneer, curd, etc.

Diversified client base, B2B only 12% of sales

Prabhudas Liladhar said Parag Milk is the preferred cheese supplier to Dominos, KFC, Pizza Hut and other quick service restaurants in the country and is one of the leading suppliers of whey protein in B2B segment.

“It drives 12 per cent of sales from B2B segment including hotels, restaurants and caterers; with no single client constituting more than 2 per cent of sales,” added the brokerage.

KEY RISKS

Milk procurement: The company relies on procuring raw milk at competitive rates from milk farmers in the milk procurement belt. Inability to procure sufficient good quality raw milk at commercially viable prices may adversely impact the company’s operation as raw milk is key raw material for all dairy products.

Intense competition: The dairy industry is highly competitive, with multiple players sourcing milk from the same region. Such competition can have an impact on raw milk prices.

Regulatory risk: The company is subject to various regulations relating to product liability, particularly relating to food safety of its products. Product contamination or similar occurrences can result in regulatory actions against the company and impact the business performance.

Threat of [Patanjali](#): Indian and multinational FMCG companies are expected to face stiffer competition from the Patanjali brand. Patanjali has significant presence in the ghee segment, thus posing competition to PMFL.

Centre mulls Amending Act to prescribe life imprisonment for Milk Adulteration

By: LiveLaw News Network | May 4, 2016 | <http://www.livelaw.in/>

The Centre has told the Supreme Court that it has formed a high level committee to consider amendment of the Food Safety and Standards Act (FSSA), 2006 to make the offence of milk adulteration punishable by life imprisonment. The apex court has said the menace has become rampant especially in North Indian states. The submission, during the hearing of a PIL which has sought stringent punishment for milk adulteration as the present provision of a maximum of six months in jail had “hardly proved to be a deterrent” comes a month after union minister for science and technology Harsh Vardhan told the Lok Sabha that two out of three Indians drink milk laced with detergent, caustic soda, urea and paint. Vardhan had said over 68% of the milk sold did not conform to standards laid down by India’s food regulator FSSAI, quoting figures from a nationwide survey conducted by the agency in 2011. The centre has agreed to the view of the court that the present penalty of six months in jails “was hardly a deterrent” for the menace, which is most common in Delhi and Uttar Pradesh. An affidavit in the court by Rakesh Nayal, a senior official in the Union Health Ministry said the panel, headed by R.K. Jain, secretary of the National Disaster Management Authority, and representatives from Food Safety and Standard Authority of India will take a decision within three months. The court had on December 12, 2014 taken serious exception to the Centre’s refusal to amend the law to make the offence punishable with life term. Yesterday however the court said: “You are asking for life imprisonment for milk adulterators. But we would say even the present maximum term of six months jail would be sufficient if the violators are caught promptly, booked and prosecuted. It can create a fear. If they are not caught and prosecuted what do we do? These are enforcement issues. We are not saying adulteration is not going on. It is rampant. But what do we do? Stop sale of Urea? If the centre has some plans, let us wait for it”. The bench headed by Chief Justice T S Thakur made this remark to Anurag Tomar, the lawyer for petitioner in a PIL on the issue. The court had on December 12, 2014 taken serious exception to the Centre’s refusal to amend the law to make the offence punishable with life term. “What are you doing about it? In March we had given an ultimatum to the Centre to inform us if you are amending the law and we are now in December,” the Bench said when Tomar pointed out the delay. “After perusing the reports submitted by various states, prima-facie we are of the opinion that milk is being laced with white paint, caustic soda, detergent, shampoo, urea, starch and blotting paper and the practice is going unabated. “The Centre must come out with necessary amendment to the Act with all seriousness to curb adulteration. We hope the Government will take appropriate decision during the winter session of Parliament,” the court had said. The Bench had earlier said it would be foolish to go lightly on adulterators just because no grievous illness or death has been reported immediately after someone drinks milk laced with such poisonous substances. “The poisoning in the body is gradual and once it happens people think they are afflicted with cancer and nobody blames milk. Are you waiting for them to add cyanide in milk? Only then instant death will be caused for you to take action,” the court had said during the earlier hearing. The Bench suggested an amendment to the law after the Uttar Pradesh government said they faced a hurdle in prosecuting adulterators under the IPC and seeking their life

imprisonment after the Allahabad High Court ruled in 2010 that the IPC cannot be invoked when the FSSAI should prevail.

Dairy beverage maker DropKaffe has raised a bridge

Ready-to-drink dairy beverage maker DropKaffe has raised a bridge round of \$500,000 (Rs 3.33 crore) led by Kanwaljit Singh of Fireside Ventures.

By **Jhimli M** - <http://dairynews.in/>

May 4, 2016 Source : [Economic times](#)

Dairy beverage maker DropKaffe raises a bridge round of Rs 3.33 crore

Ready-to-drink dairy beverage maker DropKaffe has raised a bridge round of \$500,000 (Rs 3.33 crore) led by Kanwaljit Singh of Fireside Ventures.

Other investors in the round include Growth Story, and High Net worth Individuals including Apurva Salarpuria of Salarpuria Group, CEO of Naukri Hitesh Oberoi, and Nirupa Shankar of Brigade Group.

The one-year-old firm manufactures its line of cold coffees and bottled [dairy beverages](#) including milkshakes and markets them across 100-plus modern-trade stores in Bengaluru including More, Foodhall, Godrej Nature's Basket and others. Backed by Valley-based P39 Capital and other angels in its previous funding round in 2015, DropKaffe has partnered with [National Dairy Research Institute](#) for its new line of fruit-based smoothies which have a shelf-life of 30 days and does not contain preservatives.

"We have our own brewing techniques and make sure that bean-to-bottle takes a week and all our product lines are preservative free," said Chaitanya Chitta, co founder at DropKaffe.

The **DropKaffe** has established a unit with potential to produce 20,000 units per day at the cost of Rs 25 lakh. The focus has shifted from fizzy drinks in the India markets to innovative products.

Last year, Paper Boat manufacturer Hector Beverages was valued at \$100 million by Advent Management and Hillhouse Capital. Sequoia invested \$4.5 million in bottled juice company RAW Pressery in February this year.

India's No.2 ice cream maker heads north – vadilal

Vadilal to enter market where it has low access

By [Jhimli M](http://dairynews.in/) - <http://dairynews.in/>

May 3, 2016

India's No.2 ice cream maker heads north – Vadilal Industries

Source : business-standard.

A company that has experienced stagnating profits over the past three quarters would have a few options before it to explore. One among those would be to try and figure out why it isn't making more money; and, thereafter, buckle down, enhance productivity, improve efficiency and squeeze a little more juice out of its margins.

But, this is not a strategy that Vadilal Industries Ahmadabad-based purveyor of ice cream and frozen desserts has decided to pursue. Instead, it has chosen to embark on a large expansion plan in North India to increase its market share, which currently stands at 20 per cent.

Already a force to reckon with in Gujarat and Rajasthan, the company has pumped Rs 120 corer into its operations to scale up the manufacturing capacity of its plant in Ahmadabad, as well as as the one in Bareilly, Uttar Pradesh. These plants will increase output from 225,000 liters per day (lpd) to 375,000 lpd. It's impressive that the company has accomplished this mainly through internal accruals. Besides, it has also invested in the installation of extrusion technology at its Ahmadabad plant so that its ice creams improve both in taste and texture.

There are a few good reasons for Vadilal to do this. One, India's ice-cream market, estimated at Rs 2,500 crore, is growing at an annual rate of 18 per cent. Of this, about Rs 1500 core is controlled by organized players — Amul, with annual ice cream sales of close to Rs 400 core, is the market leader; while Vadilal is second with Rs 300 crore of revenues. But, competition is getting fierce, with regional brands like Nagpur's Dinshaws and Bhopal's Top n Town trying to eat into their business. More worrisome for Vadilal are the significant expansion plans chalked out by national chains Amul and Mother Dairy, as well as fellow Ahmadabad-based ice-cream maker Havmor

Among these players, Mother Dairy — a leader in the northern Indian market that is expanding its network to other areas like Mumbai and planning on opening a staggering 7,000 outlets across India over the next two years — poses a serious threat. “Our strategy for ice cream category would be to keep growing the market in both the impulse and take-home categories. We are aiming for a national footprint by the end of 2012-13,” a Mother Dairy spokesperson says.

Even Amul, owned and marketed by Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF), is not to be trifled with. It has planned nine new processing plants for various dairy products over the next four years at a cost of Rs 3,000 crore. If that wasn't enough, Havmor has already increased its retail sales points to 15,000 in Gujarat, Rajasthan, Madhya Pradesh and Maharashtra.

Rajesh Gandhi Making things worse is for Vadilal is its limited market access. A 20-year-old family separation restricts Ahmedabad-based Vadilal from selling its ice cream products in southern Indian states, including Mumbai and Goa. This is a major handicap, considering that 25-30 per cent of the country's total ice cream sales come from these places. In essence, Sailesh Gandhi, the elder brother of Rajesh Gandhi (the managing director of Vadilal Industries and Vadilal Enterprises) went his own way in 1992, taking along with him the rights to sell the ice cream products of the family's brand in the southern markets. Rajesh, on the other hand, was given the rights for the rest of India. Both the brothers sell their ice cream products under the family brand name.

So, it's not surprising that Vadilal is going hell for leather cornering the northern market. It is looking to double the number of its exclusive ice-cream retail outlets — Happinezz Parlour — in Uttar Pradesh, Delhi-NCR, Uttarakhand, Punjab and Haryana over the next two years. The company currently has around 200 of those, mostly in Gujarat, Rajasthan, Uttar Pradesh and Delhi-NCR. It also plans to add 3,000 retail points-of-sale in Uttar Pradesh alone, in addition to the 10,000 such points across North India. “Regional players like Vadilal can succeed in northern markets with the right mix of cold chains, outlets, accessibility for consumers and affordable price,” says BM Vyas, a dairy market expert and former managing director of Gujarat Cooperative Milk Marketing Federation.

The company has also planned a Rs 15-crore advertising spend during 2012-13 to woo customers. “There is a need for appetite-branding for ice cream players, especially the regional ones. Vadilal has got it right by doing the right kind of appetite-branding, which gives a mouth-watering and tempting feeling

to the viewer,” says Harish Bijoor, a brand consultant and marketing expert, adding that the company still needs to work on injecting a ‘fun’ factor into its campaign.

Another strategy: Launching a new range of ice creams under the brand ‘Ice-Trooper’, that targets children. “We realised that kids are the driving force behind ice-cream purchase decisions in a family. With this in mind, we launched six varieties in April under this brand. The color, shape and flavors are appealing to them,” says Rajesh Gandhi. Last year, the ice-cream maker came out with three varieties — Bada bite, Flingo and Gourmet — in the premium segment.

Can Vadilal, despite its geographic handicap, keep pace with its peers? Its advantage in handling large distribution networks, including cold chains and stock-keeping units (SKUs) of more than 300, gives it valuable experience in scaling. Also, according to Gandhi, Vadilal is the only ice-cream player in the country to have presence in all the three categories of ice creams — premium, regular and frozen dessert — which will be an asset. Plus, the company offers products for all age groups in the price range of Rs 5 to Rs 100, and above.

Yet, there are do’s and don’ts that Vadilal would do well to adhere to. North India, primarily UttarPradesh, is often crippled by power problems — the stuff of nightmares for an ice-cream maker that doesn’t have reliable backups. “Supply chain is a major challenge ice cream players are facing at present. Ice cream is a product that requires constant cooling and proper handling,” says Piruz Khambatta, chairman and managing director, Rasna, who is also the chairman of the CII National Committee on Food Processing. Also, GCMMF’s Vyas says it would be sensible for the company to address the bottom of the pyramid rather than compete with multinationals in the high-price segment. This would bring volumes and visibility for the brand, he adds.

Overall, if Vadilal gets the important things right, it will have a lip-smacking opportunity ahead. India’s per-capita consumption of ice cream is estimated to be three scoops or 300 gms a person per year, against a mammoth 24 liters a person in several developed countries like the US, Japan and Germany. Says Khambatta:

“The demand potential for ice cream is huge and Vadilal is able to control and manage supply costs better and more effectively than multinationals” — an endorsement that is sure to bolster the confidence of the Gujarat ice-cream maker.

Nestle agrees on ice cream joint venture with UK's R&R

By [Jhimli M](http://dairynews.in/) - <http://dairynews.in/>

May 2, 2016 Source : EconomicTimes

The venture follows a portfolio review aimed at improving Nestle's performance, which has been weakened by slowing emerging markets, a change in consumer tastes toward fresher foods, and heightened competition.

The 50/50 joint venture, to be called Froneri, will combine the Nestle and R&R ice cream businesses in Europe, the Middle East, Argentina, Australia, Brazil, the Philippines and South Africa, marrying Nestle's strong brands and presence in convenience stores and ice cream stands with R&R's manufacturing agility and footprint at traditional retailers. "We are doing this in order to reinforce our positions to compete in a marketplace in a revolution in retail," Luis Cantarell, head of Nestle's Europe, Middle East and Africa business, told Reuters. "They have better capabilities (at retail) and we see an opportunity of a more holistic approach."

Cantarell will be chairman of a six-person board of directors that will be split between Nestle executives and those named by PAI, a French private equity firm. R&R Chief Executive Ibrahim Najafi will be CEO. Even though Nestle has a stated goal of becoming a more health-focussed company, it will keep its stronger ice cream businesses in Asia and most of the Americas, and its position as the world's second-largest ice cream company, behind Unilever . Financial terms were not disclosed, but the venture will be a close No. 3 player, with annual sales of 2.7 billion Swiss francs (\$2.78 billion) and 15,000 employees.

LONDON LISTING: Froneri will be based in the United Kingdom, where it plans to eventually list on the London Stock Exchange. "Long term, the objective will be to list the entity as we believe this will be quite an attractive growth story. We think it's a natural outcome," said Frederic Stevenin, partner at PAI.

Aside from the ice cream businesses of Nestle and R&R, which makes Cadbury Flake Cones and other frozen treats, Froneri will include Nestle's European frozen food business, excluding pizza in Italy, and its chilled dairy business in the Philippines. The executives declined to comment on the possibility of job cuts, saying the initial focus would be on growing sales, such as by filling gaps in the respective distribution networks.

“The strengths will come from innovation and from pushing growth because we believe there is a fantastic potential in a lot of countries where we could develop new propositions,” Cantarell said. “Then time will tell how the company will work.” Following integration, the company would also be open to mergers and acquisitions, he said.

“We will look at all possibilities.”

Nestle has other joint ventures, with U.S. cereal maker General Mills and one with French dairy firm Lactalis.

The deal is expected to close around the end of the year, subject to employee consultations and regulatory approval. Nestle was advised by Credit Suisse, while PAI was advised by Rothschild.

Ice cream brands to flood market

By [Jhimli M](http://dairynews.in/) - <http://dairynews.in/>

May 2, 2016

Ice cream brands to flood market with new launches at higher prices

Source : Times of India

The Rs 2,250 crore organized ice cream market in the country is all set to sizzle this summer. With manufacturers all set to introduce new variety of ice-creams and new launches. So as to cater to the taste buds of the consumers and increase their market share.

Majority of ice-cream players have already chalked out plans and strategies so as to make the best out of the summers. But, consumers have to shell out extra, for relishing the delicacies. Thanks to Union budget. As transportation of milk products has been brought under the service tax ambit. Including ice-creams.

Before the budget, transportation of milk products was exempted from service tax. Now, service tax of 14% is applicable on transportation of milk products including ice-creams.

“As a result of the announcement, ice-cream products are going to get costlier by 2 to 3% this summer,” said Pradeep Chona, chairman of Have more Ice Cream Limited.

Amul which has enjoys 40% share of the domestic ice-cream market is also feeling the heat of the budget announcement. “Our costing on the final product will increase by 2-3%. As we have to factor in the imposition of service tax on transportation of dairy products. Earlier, there was no such tax. Hence the hike is from 0 to 14%. This will impact the prices sooner or later,” said R S Sodhi, managing director of Gujarat Co-operative Milk Marketing Federation that markets brand Amul.

“We will try to absorb the burden as the cost of raw material and diesel prices are lower than last year,” said Rajesh Gandhi, managing director of Vadilal Industries Limited, the makers of Vadilal brand of ice-creams. “The fact remains that service tax burden will be substantial on all the players.”

Nonetheless, an ice-cream war has started in the national capital with Amul launching ‘Epic’ in the new super-premium category to counter Kwality Walls Magnum ice-cream – touted to be world’s largest selling stick variety.

After the launch in Delhi, ‘Epic’ will be launched in other major markets across the country by end of this month. Also, the dairy major will be launching sugar free and flaavyo frozen yogurt in cones – both the cones that will be introduced for the first time in the world.

Ahmedabad-based Vadilal too plans to launch 4-5 ice cream products in premium segment this summer.

Another player-Havmor Ice Cream is also gearing up to bank on its Signature range of premium ice creams apart from bringing in fresh fruit flavors such as mango, orange and sitafal.

Mukherjee invites New Zealand-Make in India

By Jhimli M -May 1, 2016 <http://dairynews.in/>

Source : Thehindu

President Pranab Mukherjee on Saturday invited New Zealand investors and entrepreneurs to participate in the "Make in India" initiative.

"New Zealand has made tremendous progress in dairy development, food processing, communications and information technology, clean energy and water, disaster management, biotechnology, healthcare and services, to mention a few," Mr. Mukherjee said in his speech during a banquet hosted in his honor by New Zealand Governor General Sir Jerry Mateparae after his arrival here from Papua New Guinea earlier in the day.

"We would very much like to enhance our bilateral co-operation in these areas, learn from the successful experience and practices of New Zealand and collaborate with you in creating new and innovative products and technology," he said.

Stating that India looked forward to new partnerships with New Zealand in areas of common interest, he said: "We invite investors and entrepreneurs from New Zealand to join Indian counterparts in the 'Make in India' initiative of my government."

Mr. Mukherjee said that bilateral relations between India and New Zealand gained a new momentum since the visit of New Zealand Prime Minister John Key to India in June, 2011.

"In 2013, our bilateral trade crossed \$1 billion," he said.

"However, given the relative size of our economies and the wide convergence of interests in many areas, we both agree that the present level of trade and investment needs to be vigorously advanced in order to realize its substantial potential."

The president sought India's cooperation in reforming the UN Security Council (UNSC) and said that India stood ready to shoulder greater responsibilities in the international arena.

"In the United Nations Security Council, New Zealand has addressed issues of global security and highlighted the challenges faced by smaller states," he said.

"The impressive support that New Zealand garnered in last year's UNSC election revealed both the quality of your diplomacy and the trust that other countries have placed in you. We look forward to enhanced cooperation between our two countries both in the regional as well as global context."

Referring to the Indian diaspora, Mr. Mukherjee said that New Zealand was home to more than 170,000 people of Indian origin.

"Our people to people contacts are growing. Indian students are increasingly opting for higher studies in New Zealand and we are seeing enhanced tourist flows in both directions," he said.

Mr. Mukherjee's is the first ever presidential visit from India to New Zealand.

According to the New Zealand country strategy paper, its goal is to have India as a core trade, economic, and political partner.

The president's visit is aimed at realising that goal, Jaideep Mazumdar, joint secretary (South) in the ministry of external affairs, said at a media briefing in New Delhi ahead of the visit.

New Zealand supports India's aspirations for permanent membership of the UN Security Council.

People-to-people ties between India and New Zealand have traditionally been close.

The number of Indian students in New Zealand has grown exponentially over the last few years to about 23,000.

Last year, 43,000 Indian tourists went to New Zealand and from the New Zealand side there were about 25,000 tourists to India.

Apart from its strengths in agriculture and dairy farming, New Zealand has certain unique high technology skills and strengths as well.

Security systems in the Indian parliament, Hindustan Aeronautics or the Indian Space Research Organization (ISRO) among other locations are developed and installed by a New Zealand company.

While the Mumbai Police uses amphibious boats which are manufactured by a New Zealand company, the Coast Guard of India uses jet propulsion engines in their patrol boats that are manufactured by a New Zealand firm.

Air cargo handling systems, conveyor belts and even the design of several malls in India has been done by New Zealand companies.

New Zealand also has great technological abilities in cold storage supply chain management and post—harvest technologies, which are of interest to Make in India.

Milk prices unlikely to increase in next two months

By **Jhimli M** - <http://dairynews.in/>

May 1, 2016

The retail price of milk is unlikely to increase in the next two months as [dairy companies](#) are left with huge stocks of milk powder from last year and exports are enviable due to lower prices overseas.

A liter of full cream milk costs Rs 48 in Delhi and the National Capital Region, according to a July 2015 price listing on the website of Mother Dairy Fruit & Vegetable Pvt.

About half the milk produced in India from March every year is reconstituted from skimmed milk powder with the addition of butter oil. Ten liters of milk can be produced from 1 kg of skimmed milk powder.

In north India, the flush season, when milk production increases, is from November to January, when there is plenty of green fodder. The lean season follows from April to July. In south India, the flush season begins with the advent of monsoon.

Stockpiles of skimmed milk powder in the country are estimated at between 1.4 and 1.8 lakh tonnes, according to industry officials. The powder is consumed by dairies, confectionery and sweet

manufacturers and pharmaceutical companies. “Consumers are set to benefit as we have ample stocks in country and the flush season is set to begin in the southern states,” said Devendra Shah, Chairman of Parag Milk Foods Pvt, which sells ‘[Gowardhan](#)’ and ‘Go’ branded dairy products.

He said India remains noncompetitive in the global market due to lower prices overseas. At the fortnightly global dairy trade auction on April 19 in New Zealand, skimmed milk powder prices rose 0.3% to \$1,727 per tonne, which is equivalent to Rs 115 a kg in India, where domestic prices are at Rs 140-160 a kg.

“SMP prices in wholesale are firming up in the domestic market, largely in north India, as summers have set in. The demand is also more to make milk products from ice-cream to buttermilk,” said S Nagarajan, managing director of Mother Dairy. Still, he said, milk prices were unlikely to increase for the next 60 days.

“The trend of what will be the consumer prices for milk will be visible at the end of June. We will need to watch commodity stock levels in the country, arrival of fresh milk in May-June in north India and the price level of milk in the season,” he said.

After May 2014, liquid milk prices have not increased in the country, said RS Sodhi, managing director of Gujarat Cooperative Milk Marketing Federation, which sells the Amul brand of dairy products. “Milk prices will not rise immediately, but we are watching the situation. The way white butter and SMP prices are going up and production unable to meet the demand, we might have to revisit prices,” Sodhi said.

In the past 15 days, the price of SMP in the domestic market has increased by Rs 15 a kg, said traders.

Dairy News Foreign

Shop with the Doc: Milk and Non-Dairy Alternatives

<http://www.local8now.com/>

KNOXVILLE, Tenn. (WVLT) -- In Shop with the Doc, we continue a six-week digestive health series at the Super Target in Turkey on milk and the benefits of a non-dairy alternative.



When you walk down the dairy aisle, you're faced with a choice.

Which kind of milk is best?

"We've been told for years that milk does the body good, but it all depends on the type of dairy and what your body can handle," said Dr. Pete Sulack, America's Leading Stress Expert.

Growing up, your mom most likely told you to drink plenty of milk because it will make your bones strong and healthy.

"What people don't realize is that the wrong type of dairy is actually going to break down the bones and deplete the body of this calcium and the strength of its bones," said Dr. Pete.

He told Local 8 News most dairy products are filled with lactose and a protein called casein, which he said is even harder to digest than gluten.

He suggested ditching the soy milk. He called it a "hormone disrupter."

"It's going to cause havoc to your hormones because it's going to mimic estrogen in the body, so soy has become something that's actually going to disrupt your hormones," said Dr. Pete.

He said it doesn't matter if you're lactose intolerant, choose a non-dairy alternative like almond milk, coconut milk, or cashew milk.

"Not only are they non-dairy and don't have the lactose, but they're also very beneficial with good healthy fats," said Dr. Pete.

Keep this in mind. Dr. Pete said you are going to want to choose the unsweetened, original versions, so you can ditch all that sugar.

If that's not sweet enough for you, he said you can add some stevia.

You don't only have to get your calcium from milk.

"It's not necessary to consume dairy to get strong healthy bones. In fact, we get strong, healthy bones from a good healthy digestive system, as well as calcium rich foods and vitamin K-rich foods," said Dr. Pete.

There are still some opportunities in Russia for Irish dairy

[Ciaran Moran](#) 2:00 pm - May 14, 2016 [0 Comment](#)



There are still some opportunities for the Irish dairy sector in Russia, according to Patrick Ryan in Bord Bia's Moscow Office.

It is well known that the Russian embargo on imports of EU food has hit Irish dairy exports to the country hard. However, Ryan says the Irish dairy industry is not fully aware of the new opportunities that are arising.

He says the Russian government has put in place a 2020 plan to improve national dairy infrastructure and develop manufacturing, with the goal of becoming fully independent in terms of its milk needs.

"Demand for quality breeding stock has risen sharply, mainly being met by French and Dutch breeders," he said.

"The protectionist climate that has been created has not made life easy for local dairy processors and cheesemakers, however.

"According to Rosselkhozadzor, in spite of a 10% drop in consumer purchasing power, prices for cheese rose by 23% in 2015.

"Whole and skimmed milk powder in Russia is heavily overpriced due to undersupply and less efficient local processing. April data put figures at almost double the Global Dairy Trade averages," he said.

Ryan says to meet consumer demand for lower-cost cheeses, many manufacturers are turning to processed slices and spreadable cheese. Production of soft mozzarella-style cheeses has also increased, he said.

“This creates new opportunities for Irish exporters of casein, volumes of which doubled for Q1 2016 vs. Q1 2015. There are opportunities to grow this further by targeting traders and local cheese manufacturers.”

Elsewhere, Ryan says the Sports Nutrition and Infant Formula markets remain open, and both show potential for significant growth over coming years in line with the emerging health and functional food trends and the improving birth rate.

“According to Euromonitor (2016) the size of the Russian infant formula market is set to grow from €635 mn (2015) to €1.2 bn by 2020.

Dairy industry asks govt to set up research body

- [Prahlaad Rijal](http://kathmandupost.ekantipur.com/news), Kathmandu, <http://kathmandupost.ekantipur.com/news>



May 13, 2016- The Nepal Dairy Association has asked the Ministry of Livestock Development to establish a National Dairy Research Institute to aid the development of the dairy sector.

It has requested the ministry in the proposal sent last Tuesday to set up the planned institute at Tusal, Kavrepalanchok.

The association said that a research institute would provide the dairy sector a base to impart theoretical and practical knowledge, produce skilled human resources, transfer technology and provide improved breeds of livestock.

“The sector is facing a lack of qualified manpower. We believe that the research centre will help the industry to produce skilled human resources and infrastructure for research and development,” said

Sumeet Kedia, chairman of the association.

According to the association, more than 20,000 Nepalis are employed in the dairy sector which is worth around Rs15 billion. Nepal produces 4.8 million litres of milk daily. Large dairies consume 15 percent of the total output, small dairy producers 35 percent and farmers the rest.

“The country’s milk output has fallen 20 percent,” said Prahlad Dahal, general secretary of the association. “Many farmers lost their livestock during last year’s earthquake.

Besides, youths engaged in the dairy sector are opting to go abroad as migrant workers due to the low returns.” He added that the dry season, which usually starts in April, has led to a decline in production. The association has also demanded that the National Reconstruction Authority incorporate a plan to provide earthquake affected households a cow or buffalo to help rural farmers resume milk production.

“Many farmers in Kavrepalanchok, Sindhupalchok, Dolakha and Dhading suffered losses due to the earthquake. The Tarai unrest also forced farmers to sell their cattle which resulted in a decline in milk production,” said Ishwori Prasad Adhikari, information officer of Dairy Development Corporation (DDC).

There is no shortage of dairy products in the market because DDC has maintained adequate reserves, he said.

However, other producers fear a loss in business due to the decline in the supply of milk. “Our factory is facing difficulties producing ghee and other major products,” said Sumeet Kedia, owner of Sitaram Gokul Milks Kathmandu, the second largest producer of milk products after DDC. “If the situation continues for a month, we will be forced to stop making ghee.”

Meanwhile, the association has also asked the government in the proposal sent to the ministry to include milk and dairy products in the rations served to Nepal Police and Nepal Army personnel to increase consumption.

The association has also demanded that the government install dedicated electricity feeders for dairies so that fresh milk can be preserved, provide a discount on electricity bills and impart education about ISO, GMP and HACCP standards to improve the quality of dairy products.

Published: 13-05-2016 09:03

Invest in worm control to promote productivity in the dairy herd.

<https://www.agriland.ie/farming-news>

[Agriland Team](#) 6:05 am - May 9, 2016 [0 Comment](#)



The current problems of low milk prices faced by dairy farmers mean that increasing productivity is even more critical.

Low milk prices mean that maximising the number of litres produced and minimising the cost of production is paramount.

To do that requires ensuring that cows are in the best physical shape, allowing them to deliver in terms of milk yield and solids.

The Gut Worm Threat

Infections with Gutworms are very much an underestimated cause of reduced performance in pastured dairy herds.

Previously it was always assumed that adult dairy cows could easily deal with parasitic infection and that such infections would not have any detrimental effect on productivity.

Recent evidence has emerged regarding the negative impact that gutworms can have on the productive performance of adult dairy cows.

The effects of gutworms in dairy cows can be divided into clinical and subclinical effects. Outward visible symptoms-clinical signs of gutworms including scouring and rough coat are relatively unlikely to occur in adult dairy cows. This is more common in young stock during their first or second grazing season.



Losses in the animal's productivity without outward clinical signs, otherwise known as subclinical effects are the much more common presentation in adult dairy cows.

Subclinical infections are more difficult to detect but are a major cause of reduced productivity in dairy herds.

Adult dairy cows can harbour a large number of gastrointestinal parasites (mainly *Ostertagia ostertagi*).

One 1999 study found that between 83% and 100% of culled dairy cows were infected with gut worms. If as this study suggests, most herds are suffering from a high gut worm burden it means Irish dairy farmers are losing money as a result.

Dairy cows are bred to produce vast quantities of milk and are therefore under nutritional pressure so even a few parasites can reduce production in these high yielders.

For example, the same burden of worms in a suckler cow is likely to cause little or no production losses. Because of the demands of lactation it takes fewer parasites in high producing dairy cows to cause economic losses than it takes in lower producing animals that are not under the same pressures.

Gut worms can also affect the animal's immune system. Animals harbouring a gutworm infection will be immunosuppressed. This can interfere with the animal's ability to deal effectively with infections that they are exposed to. The freshly calved, transitional cow is already immunosuppressed and the presence of worms magnifies this immunosuppression.

The Benefits Of Worming Dairy Cows With An Eprinomectin Cased Wormer:

1. Milk Yield

Numerous studies have shown that a worming treatment of dairy cows can result in a positive milk yield response. Studies show up to a 2l increase per cow per day.

The quality of the milk produced from treated animals is also superior, with consistently higher milk fat, protein and overall milk solids.

2. Animals graze longer

Treated animals have also been shown to graze for up to an hour longer each day, which can increase their DM intake by up to 1kg per day.

Milk yield is positively correlated to dry matter intake. High dry matter intake (DMI) results in high nutrient intake and therefore higher milk yield, where the difference in yield was up to 2.35kg/day between treated and nontreated, and is particularly marked in heifers.

3.Fertility

Not only are there significant benefits to worming treatments in terms of the production parameters, the fertility indices of treated animals can also be significantly improved, with improved calving to conception intervals associated with treatment at calving¹³, and higher conception rates at first service (58% treated animals V 38% nontreated).

Diagnoses

A bulk tank milk test for the measurement of antibodies to the main gutworm -*Ostertagia ostertagi* exists. This test helps to give an indication of the level of exposure within a herd to this harmful gutworm

The results of this test are expressed as a ratio and offer an excellent tool to assess parasitic burden within a dairy herd.

The higher the ratio the greater the potential benefit of treatment of that herd for gutworms. Overall the Bulk Tank Milk Tests can be used to identify those herds where the greatest milk yield response after a worming treatment is expected and can contribute to a strategic and justified use of an anthelmintic.

Lungworm In Dairy Cows

Over the last number of years the problem of coughing dairy cows has become much more prevalent. Reinfection Hoose or lungworm can be the cause of this.

When the immunity of these adult animals is low, they can become parasitised by lungworm larvae, resulting in the clinical signs of coughing, milk drop, weight loss and secondary bacterial infections.

If adult cows that are only partly immune to lungworms are exposed to heavy larval challenges from pasture they may develop severe respiratory signs.



Pasture grazed by calves will be likely to have a heavy larval burden. In situations, where wet weather follows a period of dry conditions this can cause a mass release of lungworm larvae from dung pats increasing the likelihood of animals developing lungworm.

Diagnoses

Clinical signs of lungworm include coughing and difficulty breathing, as well as milk drop, weight loss and death in severe cases. Farmers should remain vigilant of these clinical signs and take steps to treat appropriately.

Treatment

As soon as lungworm is identified in a herd, it is extremely important to treat the whole herd and to instigate treatment as quickly as possible.

Delaying treatment can result in permanent damage to the lungs, affecting the animal's long term performance as well as making them more susceptible to secondary infections.

Treating cows with lungworm is quite different to treating cows with an underlying gut worm burden. Cows with lungworm are clinically sick while, those with gutworms are more likely to be clinically well but production may be compromised.

Dairy Faces 'Painful' 2016 Summer

MAY 9, 2016 12:00 PM

<http://www.agweb.com/article>

Although lower feed prices and higher producer equity mean today's dairy market is in better shape than in 2009, a "painful" summer could lie ahead in 2016, says Mike North, Commodity Risk Management Group.

As of March, U.S. dairies had 10,000 more cows than in February, indicating herd expansion is underway in some locations, he points out.

"More milk equals more product, more product equals bigger inventories, bigger inventories equal smaller prices," North says. "That's going to be our cycle and the thing we'll be up against as we go into and through summer. In 2009, it took until September before we saw production begin to decline and therefore prices begin to rebound. If that same type of reality exists this year, we've got a painful summer in front of us."

He points out that at least two factors make today's economic environment different than in 2009. The first is feed prices, which rose to elevated levels after 2008.

"We had corn that was put into the bunkers at \$5, \$6, \$7 bucks," North recalls. "It was brutal on the feed side, and we compounded that with the milk price that went to \$9. It was bloody. A lot of equity was lost, guys were upside down in their milk checks monthly--\$3, \$4, \$5 a hundredweight."

The second factor to change is farmer equity, which has grown and helped today's dairy producers.

"We've had some really nice years recently, so guys are in a little better financial position," North says. "The bottom line is it will take a lot more than \$13 milk to scare cows off of the farm."

California leads US in milk production in 2015

May 6, 2016, <http://www.farmanddairy.com/news>



WASHINGTON — U.S. milk production was up in 2015 over the previous year, but dairymen's returns were down a staggering 28.5 percent below 2014. According to the USDA's National Agricultural Statistics Service, nationally, milk production increased 1.3 percent in 2015 to 209 billion pounds.

The annual average number of milk cows on farms was 9.32 million head, up 60,000 head from 2014. Average production per cow, at 22,393 pounds, was 134 pounds above 2014.

Income crashed

But, [the USDA report](#), released in April, showed cash receipts from marketings of milk during 2015 totaled \$35.7 billion, 27.6 percent lower than 2014. Nationally, producer returns averaged \$17.21 per hundredweight, 28.5 percent below 2014.

Marketings totaled 207.7 billion pounds, 1.3 percent above 2014. Marketings include whole milk sold to plants and dealers and milk sold directly to consumers.

California's happy cows

California leads the nation in the number of milk cows and production, with 1.77 million cows producing 40.9 billion pounds of milk (used and marketed by producers), with an average production of 23,002 pounds per cow.

Wisconsin, with 1.28 million cows, earned the No. 2 spot, with total production of 28.8 billion pounds.

Rounding out the top 10 milk-producing states were: third, Idaho; fourth, New York; fifth, Pennsylvania; sixth, Texas; seventh, Michigan; eighth, Minnesota; ninth, New Mexico; and 10th, Washington.

Pennsylvania milk production increased 1 percent in 2015 to 10.8 billion pounds. The rate per cow, at 20,387 pounds, was 266 pounds above 2014.

Ohio is ranked 11th, with total production of 5,268 million pounds. The state had an average of 267,000 milk cows in 2015.

Global dairy prices fall, but whole milk prices on the rise

By Reuters May 04, 2016 | 12:17 pm EDT, <http://www.dairyherd.com/news>



Photo by Wyatt Bechtel

International milk prices slipped on Wednesday, weighing on hopes that prices were beginning to recover after two consecutive auctions of gains.

The fortnightly Global Dairy Price auction, held early on Wednesday morning, showed prices had dipped 1.4 percent to \$2,203 per tonne.

A total of 20,615 tonnes was sold at the latest auction, falling 2.8 percent from the previous one.

However, analysts said the news was not all bad, especially for New Zealand, which has been struggling with the loss in value of its largest export.

Whole milk powder (WMP) prices, the main dairy commodity exported by the Pacific nation, rose 0.7 percent to \$2,176.

"The lift in WMP prices on GDT was supported by the lower volumes on offer as we near the end of NZ's milk production season," said AgriHQ dairy analyst Susan Kilsby in a research note.

"The weakness in the other dairy commodities is not surprising given these commodities are influenced to a much greater degree by supply from the Northern Hemisphere," Kilsby added, saying milk production in Europe and the U.S. was currently strong.

The New Zealand dollar fell to \$0.6917 from as high as \$0.7054 the previous day.

The auction results affects the New Zealand currency as the dairy sector generates more than 7 percent of the nation's gross domestic product.

An around 60 percent fall in dairy prices since early 2014 has also hit the country's economy.

The sector was until recently the backbone of the economy, representing around 25 percent of exports, but in the past two years farmers have had NZ\$7 billion (\$4.74 billion) wiped off their collective revenue.

The Global Dairy Trade auctions, which were set up by Fonterra and operated by trading manager CRA International, are held twice a month, with the next one scheduled for May 17.

‘Future of milk: you can’t run the dairy like your grandfather did’

Posted By: [Guest contributor](#) on: May 03, 2016 In: [Agriculture](#), [Dairy](#), [Food](#), [Industries](#)



BY DONNA BERRY

EDITOR, DAIRY & FOOD COMMUNICATIONS

What many traditional dairy processors are doing is not helping them sell more dairy, in particular fluid milk. Volume sales continue to decline in all developed countries. In my 20-plus years of writing for the dairy industry, I have never once written that milk consumption has increased. It is time to be proactive.

A recent article in the New York Times described how many restaurant menus have started citing the provenance of their dairy products, including fluid milk and creamers, in the same way they boast of grass-fed rib-eye steaks and hydroponic tomatoes. Can this be done at retail? It’s time to tell a story about your dairy product, about your fluid milk. That’s the future of the dairy industry.

We know consumers are willing to spend more for artisan butter, cheese, ice cream and yogurt at farmers’ markets and upscale grocers. Why not milk? At Whole Foods Markets in the US, sales of grass-

fed cow's milk – much of it locally produced – have experienced “high double-digit growth during the past two years and will likely increase in 2016”.

The fluid milk industry might just be ready for the small-batch, locally made, artisan trend that has hit everything from beer to chocolate to potato chips.

The reality is that the low wholesale price of milk has left many mom-and-pop dairy farms struggling. Millennial entrepreneurs who embrace crafted foods and customisation are seeing something you, your dad and his dad did not see: milk can be so much more. This is not your daddy's dairy any more. We do not consume the way we once did. Only the foods that adapt to consumers' evolving on-the-go, better-for-you, better-for-the-world and story-telling lifestyle will thrive. Innovators are embracing boutique, high-end dairies and see them as a lucrative niche in a tough market.

The days of the all-you-can-eat, low-budget buffets are gone. Millennials and the cohort of people born after them, generation Z, which includes my two sons, are demanding consumers. This became very apparent when I recently went on two college tours with my tenth grader, first to the University of Wisconsin-Madison and then to my alma mater, University of Illinois-Champaign Urbana. The dining rooms in the residence halls look like upscale restaurants. Though still cafeteria-style, with Wisconsin having a pay-for-what-you-take format, while Illinois still takes an all-you-can-eat approach, the foods and beverages offered all tell a story. If it's not the source, then it's the nutrition. And when students dine on their own dollar on campus, they are going to cafés serving artisan and locally sourced products. These are young adults with an affinity for what they believe to be the best. This will not change. The milk industry needs to change.

The time is now to design milk beverages to speak to the needs of millennials and generation Z. Organic, lactose free, omega-3, grass fed – this is what they want. Extra vitamins and minerals, refueling and preventative – these are attributes that will get consumers to buy milk. Smaller-sized packaging for on-the-go convenience as well as delivery of nutrients is key. Adding value is paramount.

Cows create education

03 May, 2016 12:00 PM

<http://adf.farmonline.com.au/>



I can tell students the whole story from the day we sow the crop up to when we put the milk on shelf

Barossa Valley dairyfarmer and Cows Create Career advocate Jeff Kernich speaks with students about the dairy industry.

BAROSSA Valley dairyfarmer Jeff Kernich has been involved in Dairy Australia's Cows Create Careers (CCC) since it was introduced to South Australia in 2008. "Since then the project has doubled in size," Mr Kernich said.

"In the first year we had half-a-dozen schools and this year we have 12 scattered from the South of the Barossa Valley up to Orroroo."

With his wife, Erica, and four children, Mr Kernich operates Jersey Fresh.

Through CCC he provides calves to schools and is an industry advocate, speaking to school groups about the dairy industry.

"I'm a milk processor as well as a dairyfarmer, so as an advocate I can tell students the whole story from the day we sow the crop right up to when we put the milk on the shelf," he said.

In 2013, Orroroo Area School agriculture teacher Sarah Hazel had an opportunity to introduce new programs to the school.

While it's not a dairy region now, Orroroo has a rich dairy past and was once home to a butter factory.

"I was looking for something different that the school hadn't done before," Ms Hazel said.

"Jeff heard that I was interested in CCC and, even though the school is not in his region, he was happy to work with us."

With a three-hour drive between them, Ms Hazel and Mr Kernich work together to deliver CCC.

Ms Hazel drives to the Barossa to pick up the calves from Mr Kernich's farm. With the help of Kapunda High School, Mr Kernich videotapes CCC presentations, which are then shown to the Orroroo students.

"CCC forms part of the Year Nine curriculum but, while the calves are at the school, all students at levels up to Year 10 learn about dairy and the industry in some form," Ms Hazel said.

"The reception and grade one class learn about dairy in the food triangle. The grade two, three and four classes learn about how a cow creates milk and other classes learn about paddock to plate – all the classes check the calves once a week and do their own observing."

At the end of CCC, Mr Kernich travels to Orroroo to collect the calves and speak to the students about the food pyramid and paddock to plate, and he does a CCC industry talk to the Year Nine and 10 students.

"When I pull up in the main street in Orroroo people ask me where I'm from, when I say I'm from the Barossa Valley they say, 'You have the calves at the school'. The whole town is involved; it's absolutely amazing," Mr Kernich said.

"Having been a farmer all my life, I think CCC is the best part of my career, especially talking to the kids and seeing them react with the animals.

"I tell them that they need to buckle down and learn, and they need to learn about subjects like AgScience because it covers science, maths and English."

The Orroroo students' dedication to CCC showed when they stepped up to help the Kernich family prepare two heifers for the Adelaide show.

"It was a wonderful experience," Ms Hazel said.

"We were able to go to the show because of the Kernichs' generosity.

"The students were actually interacting with dairyfarmers and people who have dairy as their career – it put all their learning into action."

Dairy Australia's industry capability program manager, Tracy Lloyd, said CCC started in 2004 with dairyfarmers at the Strzelecki Lions Club in Victoria and nine Gippsland schools.

With support from Dairy Australia's Regional Development Programs, dairyfarmers and sponsors, the program has now grown to more than 180 schools. "CCC builds awareness of dairy industry careers – from teaching students about educational and vocational pathways to profiling the diverse range of careers in the dairy industry," Ms Lloyd said.

"Across Australia, CCC has been successful thanks to the dedication and support from passionate dairyfarmers like Jeff, who are proud of the dairy industry and all the opportunities that it has to offer."

Mr Kernich credits the success of CCC at Orroroo Area School to Ms Hazel and the dedication of the students.

"The students are really keen and Sarah is an energetic young teacher who is passionate about what she does," he said. "CCC is the best program we've had for the dairy industry – and Sarah and I have proved that we can make it happen."

"You don't have to be right on each other's doorstep. I'm getting to the end of my farming career and sometimes I think I should give it up and just do CCC because it's good fun. But it's all so exciting, so I think I better keep going for a bit longer."D

Quality Dairy to close in competitive Trowbridge corridor

<http://www.lansingstatejournal.com/>



[Alexander Alusheff](#), *Lansing State Journal* 3:35 p.m. EDT May 3, 2016



(Photo: Alexander Alusheff/Lansing State Journal)

EAST LANSING – Emo’s Korean Restaurant on Trowbridge Road has closed its doors, and the Quality Dairy next door is following suit on May 7.

Myong Holloway, owner of Emo’s, closed the business on April 24 after roughly 10 years in business. She said business was good, but she didn’t want to sign another lease because of the condition of the building. Holloway plans to move the business to Grand Rapids.

“The market has changed out there,” said Quality Dairy President and CEO Stan Martin. “There’s less married housing (at Michigan State University). The store is not performing profitability wise well at all.”

When the QD store closes, Better Asian Market will be the only business on the southwest corner of Trowbridge and Harrison roads.

“Ever since I closed it hurt their business,” Holloway said, adding that people would visit the restaurant and the grocery store in one trip.

Jackie Wilson, daughter of Kim Wilson, who owns the building that Emo's vacated, said a new tenant will move into the space and that the building is in good condition. The building was remodeled in 2004.

A few customers trickled in to both Better Asian Market and Quality Dairy on Friday afternoon. Meanwhile, dozens of cars were parked in the lot of the shopping plaza across the street where Fresh Thyme Farmers Market is located, along with Korea House Restaurant, Tim Horton's, Iorio's Gelato and Gigi's Cupcakes.

Fresh Thyme opened there a year ago in a space long occupied by Goodrich's Shop-Rite.

"Since the supermarket opened, these small businesses have been struggling," said Bowen Kou, owner of Better Asian Market. "They take away from our business."

Allyson Thompson, of Clare, said she always stops at that Quality Dairy location when she visits Lansing.

"I just noticed this," she said, turning toward Fresh Thyme as she packed ice in her truck. "I guess I can see why."

Both Kou and Martin said the median on Trowbridge makes it difficult for customers to turn left into their lots when heading west, costing them business.

The Quality Dairy building also is out of date, Martin said. He is considering whether to demolish and rebuild, move elsewhere in the immediate area or sell the building. The roughly 10 employees will be transferred to other locations. The last time a store closed was roughly 10 years ago, Martin said.

For now, Kou has no intentions of moving his business, which has been there for roughly four years.

"We are competing," he said, adding that most customers are Chinese students from Michigan State University. "I think that's why we will survive."

Kenya: Nakuru County - Small-Scale Dairy Farmers Form Organisation

2 MAY 2016

By Francis Mureithi

Dairy farmers in Nakuru County have resolved to form a federation to negotiate for better prices for their produce to fight the fluctuating milk prices from the giant processors.

Nakuru County Dairy Federation will be headed by one of the top milk producers in the country, James Ndung'u Karanja, the owner of Pokea Farm in Njoro sub-county.

He will be assisted by Joseph Kariuki, Wilson Mabwai (secretary), Samuel Ndung'u (assistant secretary) and Teresia Riungu (treasurer). Other federation officials are James Kirubi (Molo), Joseph Gathuru Mbira (Gilgil), Michael Kahungu (Rongai), Francis Wanjema (Nakuru North) and Jeremiah Jomo (Kuresoi North).

ONE UMBRELLA BODY

Apart from seeking for better prices, the other objective of the federation will be to bring more than 500,000 dairy farmers in the county under one umbrella body, provide market links and enable access to loans, fertiliser and empower members to know their rights.

According to Nakuru County Dairy Value Chain officer Henry Ng'eno, the federation will also boost milk production in the county as farmers will have a central collection point where their produce will be collected by all the processors.

Farmers endorsed the outfit during a value chain consultative meeting this week.

Dairy farmer calling on shoppers to support them as processors cut milk prices

ABC Rural <http://www.abc.net.au/news>

Updated 2 May 2016, 8:12am



Dairy farmers are calling on consumers for help as they deal with cuts to this year's milk price.

Australia's largest milk processor, Murray Goulburn, last week told its farmer suppliers it had been paying them too much this financial year.

The company cut the price of milk so severely that farmers say they are selling their milk for less than what it costs them to produce it.

It's promoted a farmer to start a new campaign, calling on shoppers to "Show Some Dairy Love".

The campaign is taking place on major social media platforms and already has the support of farming communities.

Dianne Bowles, from Mead in north central Victoria, said the campaign was aimed at everyone.

"The main message that I'm saying is buy dairy," she said.

"Buy dairy product it will help your farmers, we've got a world class product here, buy it."

The campaign is even making peace with home brand or private label dairy products that the industry has battled for more than five years.

Ms Bowles says it was important for all farmers to feel the community valued and supported them as they faced tough times.

"If they'd prefer not to buy the home brand one that's even better, we make more money on the name brand products," she said.

"If all you can afford is plain label, buy it, by all means."

Chinese market for dairy products tipped to recover

MAY 2, 2016 12:00AM [HTTP://WWW.THEAUSTRALIAN.COM.AU/](http://WWW.THEAUSTRALIAN.COM.AU/)

[Rowan Callick](#)



China Correspondent

Beijing



Australian infant milk powder on sale in a shopping mall in Beijing.

Prices will trend up for Australian dairy exporters from midyear, for both supply and demand reasons, experts on Chinese market say.

Beijing-based analyst China Policy pointed to the steady implementation since the start of the year of government measures to consolidate the industry in order to focus on local brands with the potential to be marketed as high- end.

At first, following the 2008 scandal of melamine being added to local milk to add to its analysed protein content, small producers were steadily squeezed out, helping to raise the price as supply contracted. In China, 2013 was dubbed “the year of the milk famine” as a result of this trend.

But global production has soared since then, and the Chinese government has again sought to promote local output.

Li Shengli, a professor at China University of Agriculture, told *The Australian* that local milk companies in Hebei province, for instance, were given subsidies last year “to enable them to compete with foreign milk”.

But such interventions have in the past missed their mark as China has struggled to support its agribusiness.

Last year, 300,000 to 400,000 tonnes of domestic liquid milk went unsold, and was turned into milk powder, Professor Li said. Overseas powder was today “highly competitive against the Chinese product in price”, he said.

The government has developed a new strategy and created the D20 Alliance of 20 “national champion” Chinese dairy firms formed eight months ago.

Vice-Premier Wang Yang said the D20 was established to restore confidence in the domestic product, to establish and supervise strict standards, to focus on markets, to deepen vertical integration from the supermarket shelf to the farmer, and to create an environment for fair competition with international imports.

The past three years, said Professor Li, had seen “dramatic milk market fluctuations”, with per capita consumption even appearing to decline. But that is most likely due to a switch in the dominant urban markets from traditional retail purchases, where sales are monitored by government statisticians, to online, where they are not.

Demand has in general been sustained in China, although global supply has shredded margins.

David Mahon, whose company manages stressed assets and provides advice on the China market, especially for agribusiness, said that the global financial crisis struck immediately before China’s dairy boom took off, as consumers’ awareness of its nutritional value soared.

This reinforced the perception that China might be the place to sell the entire output, with anecdotes spreading about milk being priced at huge multiples, and driving supply growth.

Now, Chinese producers, “who suffer from continuing consumer distrust”, have realised their most defensible move is to focus on fresh milk — rather than converting powdered milk to liquid — and build regional pasteurising plants.

Mr Mahon said “the market will recover for infant formula and for very high-end products with special ingredients, but the Chinese government will protect the local industry in some ways, because its environment is so expensive”, with the high price of land and feed.

“They have a strategic view, and will therefore compensate for the high cost structure.”

Dairy sector fears losing zero-rating status

ASHFAK BOKHARI — PUBLISHED MAY 02, 2016 06:40AM [HTTP://WWW.DAWN.COM/NEWS](http://www.dawn.com/news)



PAKISTAN’S dairy sector is seeking continuation of zero-rating regime for what it calls the sector’s healthy growth and opposes being put in the tax exemption category.

This is one of the five key budget proposals made by a spokesman of Pakistan Dairy Association (PDA) before the National Assembly Standing Committee on Finance on April 19. Other proposals include re-transposition of dairy products from 8th Schedule to 5th Schedule of the Sales Tax Act 1990, payment of Rs20bn pending sales tax refunds and implementation of minimum pasteurisation laws.

Most of the MNAs including those from the opposition parties supported the dairy industry’s demand which, they said, was necessary for its smooth growth. The association builds up pressure against the sector’s likely removal from the zero-rating regime every year as the budget date draws nearer. And its fears arise as the FBR tries to convert the sector’s zero-rating regime to exemption mode but the finance ministry has not yet accepted its recommendation. The FBR chairman told the standing committee that this year, too, the board will make the same recommendation because the dairy sector is enjoying too many concessions.

Although Pakistan is the fourth-largest milk-producing nation, it is still dominated by the informal sector and remains undocumented, disorganised and entrenched in age-old production and marketing practices

Why the dairy producers insist on the zero-rating is that under this regime they pay no taxes and can also claim refunds on input taxes. If their products are placed in the category of exemption from GST, they will lose this facility. As a result, their cost of production will escalate which they will pass on to the consumers. What may follow is the decrease in the sale of packaged milk and reversion of many consumers to unprocessed milk.

The PDA spokesman also sought abolition of sales tax on by-products such as cheese, butter, flavoured milk and cream sold in packing as these were essential part of a healthy diet. Taxing them can discourage their consumption in middle-class families who prefer to buy unprocessed milk which may not often be of good quality.

Despite being every household's essential item, the production of milk and its marketing is one of the least commercialised enterprise. Although Pakistan is the fourth-largest milk-producing nation, it is still dominated by informal sector and remains undocumented, disorganised and entrenched in age-old production and marketing practices. Only 5-7pc of the country's total milk production is marketed through formal channels.

Meanwhile, a leading Swiss multinational in dairy sector and a Norwegian mobile phone company's banking facility have joined hands in a unique experiment to provide financial access to thousands of dairy farmers and to make disbursement of milk collection payments swift, easy, and transparent. The phone firm ensures delivery of the payment to the farmer's mobile account that they can withdraw from the nearest retailer. Apart from speedy payment, it opens the doors for mobile financial services to them.

Earlier, most of the dairy workers received their payments in cash from the supply agent. Every year, the milk multinational pays over Rs22bn for obtaining milk from various sources in Pakistan.

The cellphone company has, at present, 36m customers and its banking facility, being the country's first and largest branchless banking solution, has 20m customers. While more than a 100m people still do not have a bank account and banks do little for their financial inclusion, this facility, in a way, fills the vacuum.

The dairy sector is at present facing a myriad of critical problems, a major reason being the governments' apathy towards this sector. A recent study shows that the policymakers have always been 'more concerned about the development of the crop sector than the dairy sector'.

This is despite the fact that livestock's contribution to GDP -11.8pc in 2014-15 - remains higher than the contribution made by the entire crops sector. In fact, the study says, the policy-makers 'never had faith in the development of the dairy sector'.

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