

CEOs' Meet

Chairman:

Mr. R.G. Chandramogan
 Chairman, Hatsun Agro Product Ltd., Chennai

Rapporteur:

Mr. D.V. Ghanekar
 Managing Director, NCDFI, Anand, Gujarat.



Mr. B.M. Vyas, Managing Director, Gujarat Cooperative Milk Marketing Federation Ltd., Anand

Topic: Impact of Global Recession on Indian Dairy Industry

The history of recession of present nature dates back to 1930. There is hardly any documentation about the recession in 1930. On the basis of recent four reports published by World Class Consulting Group, the situation of 1930-34 recessions was as follows:

The production of tractors dropped by 98%, whereas the production of two wheelers and four wheelers came down by 96%. The business related with the interior decoration came down by 60%. The production of butter was affected up to 26% where as the margarine was affected up to 50%. The overall food items were affected to the extent of 30%. Interestingly, the undergarment industry was not affected by 1930 recession.

The world is globalised and India cannot be an exception and therefore the Government of India (GOI) will have to take quick action in order to support the industry. As far as India is concerned, the car industry engages 1.4 million persons and the construction industry provides 3.5 million jobs which is likely to get affected in near future. It is reported that 7 million Textile workers have already lost their jobs.

So far as the dairy industry is concerned, the European Unions and the USA provides subsidy to the extent of Rs. 14/- per litre of milk. Though the Indian exports are not at a very high level (less than one per cent) the global situation has psychological impact on the local market, as the market behaves on the basis of sentiments expressed by the traders. Therefore, it is suggested that the GOI should impose countervailing duty. Further, import duty on butter should be reinstated and duty on SMP should also be revised. It is expected that the present scenario will continue for another two years.

Mr.V.H. Shah, Plant Manager, Schreiber Dynamix Dairies, Pune

Topic: Raw Milk - Quality Scenario

The Dynamix is selling 40% of its production in the local market whereas 60% is exported. The area of operation of Dynamix falls in the state of Maharashtra. The milk production in Maharashtra is increasing at the rate of about 4% p.a., whereas the market demand is increasing at only 2 to 4 per cent. After the local consumption by farmers in the villages the surplus quantity of milk is about 50 to 60 lakh liters per day. The dairy is receiving milk having SNF level of 8.2% to 8.5%, whereas the fat per cent is quite low. The level of Standard Plate Count (SPC) is actually 30 lakh whereas it should be around 2 lakh. We find that there are different adulterants used by the farmers. In order to increase our exports, we have to improve quality of our milk and in order to improve the quality of milk, we need to undertake following actions:

Training of farmers: Milk producers lack awareness about cleanliness and hygiene. Therefore we conduct training programme for improving their awareness.

Chilling: In order to reduce the bacterial load in raw milk, it needs to be chilled immediately after milking. This is possible, if we install bulk coolers at village level. We have taken some action in this regard and have installed bulk coolers in the villages. Our observation is that installation of bulk coolers reduces the bacterial count in milk. As against large herds in European countries, our farmers are keeping 2 to 3 animals. Our farmers on selective basis need to be encouraged to keep larger herds so that milk could be easily chilled and brought to the dairies.

Adulteration: Farmers are adding water, lactose, maltose, vegetable oil and other cheap adulterants in milk. Recently Government of Maharashtra has revised the pricing structure in such a way that

for every rise in fat point per cent the farmer will get additional 15 paise per liter whereas for a drop in one per cent point of fat the farmer will loose 15 paise per liter. Because of rationalization of pricing structure it is likely that the adulteration will be checked.

Antibiotics: The farmers are in the habit of over dosing the animal with antibiotics. The traces of antibiotics are found in the milk. Therefore, farmers need to be made aware of giving proper dosage of medicine to the animals.

Farmers do not store their feed properly. Because of wet conditions the feed develops aflatoxins. We have not found any traces of hormones, pesticides, insecticides or melamine. We have to maintain records and quality assessment in such a way that there is traceability of each and every aspect up to animal level.

SNF: The farmers generally complain that the SNF is low at the dairy level. In order to overcome the problem, we took several samples at the farm level and found that the SNF level was either 8.5 or more which clearly indicates that the adulteration is taking place after milk is drawn from the udder. Similarly, in case of alcohol test, we found that at farm level it is 75 per cent whereas at dairy level it is 68 per cent. In case of bacteria we found that at farm level the bacterial load was only 1 lakh whereas by the time the milk reaches at the dairy the bacterial load increased up to 30 lakhs.

We carry out about 23 tests on every sample of milk we received in the dairy. If we have to maintain level of 60% export and if we wish to increase the exports then we expect the raw milk quality to be such that it has less than 1 lakh SPC and not more than 0.5 ppb aflatoxin and nil pesticides.

Mr. O.P. Saini, Principal Secretary, Animal Husbandry & Dairying, Rajasthan and Managing Director, Rajasthan Cooperative Dairy Federation

Topic: Role of Dairy Cooperatives in Indian Dairy Industry

Rajasthan has two-third of its area as desert and one-third is dry land. The rainfall is only 150 to 200 mm. I am a son of a cattle keeper and my experience of moving in different villages of Rajasthan tells me that the milk and milk products are essential part of Rajasthan diet. Even poor persons, who cannot afford to purchase green vegetables, eat *roti* by mixing it with milk every morning and evening. This is the reason why dairy is so much important for Rajasthan. Rajasthan is linked through milk grid to the market of Delhi.

The availability of water in Rajasthan is scarce and only one per cent water is available as surface water. However, it accounts for nine per cent of the total milk production of the country. Rajasthan has got only 4 per cent crossbred animals. Over the last 60 years, Rajasthan had 43 droughts. During the period 1996 to 2003 there has been a decline in the number of cattle owned by the farmers. Because of constant drought conditions the farmers in Rajasthan have become very tough. For example, we get bumper crop of *Bajra* only once in 5 years. The present level of milk procurement is only 11 per cent of the marketable surplus. We are constantly facing shortage of fodder and many a times, we have to import dry fodder from neighboring states of Punjab and Haryana.

Our milk procurement has risen by 24 per cent over last year. This is primarily because of better prices offered to the farmers which is 20 per cent higher compared to the last year. The Rajasthan Dairy Federation offered a unique package of insurance policies to the milk producers which cover family members, livestock, their house and even the cash in the house. We have issued debit cards to some farmers and would like to expand this scheme. Rajasthan has high yielding indigenous breeds of cattle such as *Rathi* and *Tharparkar*. We are deliberately promoting indigenous breeds of cattle in order to increase the income of our milk producers. Our cooperatives are producing 2.5 lakh milch doses of frozen semen.

Our Vision is to collect 50 lakh liters of milk per day by the year 2020.

Ms. Shikha Dubey, Managing Director, Madhya Pradesh State Cooperative Federation, Bhopal.

Topic: Dairy Development in Madhya Pradesh

Madhya Pradesh Federation is a landlocked state and it is the second largest state in the country. The buffalo population in Madhya Pradesh has growing by 18 per cent whereas the cattle population has grown by 11 per cent in comparison to last year. Because of unscrupulous milk collection system followed by the private vendors, the quality of milk has gone down over the years. Unfortunately, unlike Rajasthan, the Madhya Pradesh does not have good quality indigenous breed. Therefore, our endeavor has been to bring better quality milch animals from the neighboring states such as Gujarat and Rajasthan. At present the availability of milk in Madhya Pradesh is about 262 gm per person which is some what close to national average. Our milk federation is selling about 5.5 lakh liters of milk per day and procurement of milk is 4.5 lakh litres per day.

After 1991 the private dairy plants have been established in Bhind district by Sterling, Glichem, VRS Foods and Godrej, etc. Unlike other industrial sectors, the uniqueness of milk business is that it brings urban money into the rural sector. In order to increase sales we have introduced new products such as Chenna kheer, flavored milk and pro-biotic dahi. Eight districts of Madhya Pradesh are under Intensive Dairy Development Programme (IDDP) whereas 13 districts are under clean milk production programme (CMP). We are also implementing two schemes namely Kamadhenu Project for dairy development and Acharya Vidyasagar Yojana for increasing women participation.

Our vision is to increase local sale of milk up to 9 LLPD and milk procurement by 12 llpd by 2020.

For developing input Programme we have outsourced IndiaGen in addition to BAIF and JK.

Chairman's Comments:

Large number of buffaloes in northern-India are being slaughtered. The farmers are selling good quality buffalo to butchers, who are giving very handsome price. It is reported that India has now become third largest meat exporter in the world and trade has now touched one billion dollar mark. Unfortunately, government is encouraging such exports rather than imposing restrictions. In this way very good quality germ-plasm is being lost. The New Zealand currency has gone down by 18 per cent in comparison with Indian rupee which may encourage import of milk and milk products from New Zealand. The Government has reduced duty on butter oil from 15 per cent to 5 per cent and therefore butter oil is being imported in our country which would naturally affect prices of ghee in our country. IDA should demand that the government should recommend milk industry as a priority sector. Very alarming situation is developing at the village level. The young generation is leaving villages and going to the cities or abroad. Therefore, milk production is left with very old people or the young persons who are illiterate and are working in the dairy sector because they do not have alternative job opportunity. It is feared that the milk production will be severely affected if the present situation continues. The forests are being denuded restricting availability of the grazing resource for the animals.

Following recommendations emerged from the discussion:

- Government should impose duty on import of SMP and Butter oil in such a way that it discourages import of cheap and subsidized SMP and butter oil from New Zealand, Europe and America. If this is not done our local industry will get crashed.
- Government should discourage the export of oil cakes. If this is not done then the cost of production of milk will go high. Under the present situation of economic crisis, industry is not able to offer better prices to the farmers which will effect the milk production in our country.
- The government should strictly impose enforcement of laws pertaining to adulteration of milk which is reaching at an alarming level. We are finding contaminants such as maltose, chemicals, pesticides, in milk. Government should take this aspect very seriously, otherwise our dairy industry will not be able to export milk and milk products because the rules and regulations are very strict at international level. Further clean milk production and hygienic milk production practices are beneficial to our citizens also. The government should encourage the formation of consumer forums in order to pressurize the farmers and processors to produce good quality milk.
- The government should reduce VAT to the level of not more than 4 per cent in all the states. In this way milk will be available for children and poor people at affordable rate.
- The cooperative dairy industry works on the principle of no profit no loss. The surplus generated during the year is ploughed back to the user members in proportion to their business with cooperatives based on the quality of raw milk. Therefore, there is no justification of government imposing income tax on the entity which is essentially a non-profit organization. Therefore the present level of tax which is about 34 per cent should be brought down to 15 per cent.
- The NCDFI, NDDB and IDA should come together and represent to GOI on above issues and a delegation of farmers, cooperators and private industry should lobby with the Government and immediately meet Prime Minister and Finance Minister of India to put forward their demands.