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Banas Dairy to pay ₹1,132 crore as price difference to dairy farmers

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Dairy turnover grows 11% fuelled by non-dairy businesses of honey, edible oil

Despite the pandemic, dairy cooperative Banas Dairy has sustained its support to dairy farmers and announced it will pay ₹1,132 crore as price difference for the year 2020-21.

It will be paid as debentures worth ₹125 crore to the milk societies and ₹1,007 crore as direct payment to the 5.5 lakh milk producers of Banaskantha district in north Gujarat. In 2019-20 it paid 16.66 per cent (₹1,144 crore).

The dairies earn additional revenues by selling value-added and non-dairy products. The profits earned from the sale of such products are distributed among the members of the cooperative at the end of the year as price difference.

“Even in the Covid-19 times, we have ensured positive growth in our milk and non-milk businesses. Like every year, this year too we have announced the price difference of 14.18 per cent which works out to ₹1,132 crore. Entire money will be paid to all the milk producers directly in their bank accounts during the month of August,” said Shankar Chaudhary, Chairman of Banaskantha District Cooperative Milk Producers’ Union (Banas Dairy) after the 53rd Annual General Meeting of the Union on Wednesday.

Speaking to *BusinessLine*, Chaudhary stated that the dairy’s turnover has grown by a healthy 11 per cent during the year 2020-21 to nearly ₹13,000 crore. “Milk and non-milk businesses such as edible oil, honey have contributed to the growth. Also, we have adopted cost optimisation measures and reduced our expenses to save on costs,” he added. He also stated that the Dairy gets about 36 per cent of its overall revenues from pouch milk sales, 11 per cent

from milk powder, 4 per cent each from cheese and ghee, 3 per cent from butter and 14 per cent from non-dairy products.

Banas dairy pays 82.28 per cent of the total earnings to the milk producers. “Most advanced dairy producing nations are unable to match the payments Banas Dairy makes to its milk producers for every litre of milk. When the payments are compared with global dairy majors, Argentina’s payments to its farmers works out to ₹22 a litre, for Brazil it is ₹31, New Zealand and US pay ₹30, while Banas Dairy’s payments work out to ₹41.30 a litre,” Chaudhary said adding that this had attracted more and more farmers to join dairy businesses.

During the covid year, the dairy received record milk from milk producers. At peak period Banas Dairy received 86 lakh litres per day, which was higher by 12 llpd over normal supplies. The Dairy has installed processing capacity of 58 llpd, and in order to manage the flush of supplies, Banas Dairy made alternate arrangements for processing.

“Banas dairy has exhibited a successful model of rural economy and prosperity through dairy. In past two decades, our turnover has grown from Rs ₹373 crore in 2001-02 to Rs ₹12,983 crore in 2020-21. The world witnesses the success of collective efforts made by farmers of one district,” Chaudhary told the farmer members at the AGM.

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