

₹8,000-cr Fund to Help Milk Co-ops Expand Capacity

Nabard may sanction plans to create new milk processing capacity of 27 million litres per day

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New Delhi: The National Bank for Agriculture and Rural Development will soon get going on a ₹8,000-crore fund that the finance minister announced in this year's budget to support the dairy sector.

Under the Dairy Processing and Infrastructure Development Fund, Nabard is the nodal agency to finance projects over a period of three years.

It targets to sanction proposals to create new milk processing capacity of 27 million litres per day in the cooperative sector this year.

"This year, 39 projects by various cooperative dairies will be cleared under the dairy processing and infrastructure development fund, entailing an investment of ₹600-1,000 crore," Nabard chairman Harsh Kumar Bhanwala said.

"With this investment, the milk processing capacity (in the cooperative sector) would increase from the current 66 million litres per day to 92.6 million litres per day. Further, the bulk milk-chilling capacity would go up from 48 million litres per day to 63 million litres," said Bhanwala.

Agriculture ministry officials said that the Union Cabinet had approved the plan in September and that they were in the process of clearing projects.

The dairy processing infrastructure of cooperatives needs modernisation and capacity enhancement, and with most cooperatives sharing their profits with milk producers, they need support, the officials said.

Agriculture ministry has prepared the operational guidelines to disburse the funds

In the current setup, Nabard would lend the fund to the National Dairy Development Board (NDDB) and the National Cooperative

Development Corporation (NCDC) at 6% per annum. The two agencies would on-lend it to eligible borrowers at 6.5%.

The agriculture ministry has prepared the operational guidelines to disburse the funds and these will be issued soon, officials said. A memorandum of agreement is expected to be signed by the ministry with Nabard, NDDB and NCDC this week.

"After Operation Flood which ended in 1990, this is the biggest dairy development programme. It will surely help small dairy cooperatives in states like Punjab, Haryana and Bihar where there is huge scope of expansion," said RS Sodhi, managing director of the Gujarat Co-operative Milk Marketing Federation that owns the Amul brand.

Milky Way

India's milk production in 2015-16 **155.50 million tonnes**

MILK PROCESSING CAPACITY

66 million litres/day

Cooperative sector

69 million litres/day

Private sector

In last Budget, FM announced ₹8,000 crore fund to finance dairy infrastructure

FUND PROJECTED TO

Increase milk procurement price by 24%

Create direct employment of 40,000

Create indirect employment of 2 lakh

SOURCE: NABARD

HARSH BHANWALA
Chairman, Nabard

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"The fund will help us, so we can increase the speed of investment and expansion," Sodhi said.

"Already we are getting 16% to 17% more milk this year and we have to advance our expansion plans. So with funding coming this financial year, it will be great." The fund would help dairy cooperative in setting up modern milk-processing infrastructure, expanding product portfolio and ensuring optimum value for their products. Meanwhile, some cooperatives want Nabard to offer funds at a cheaper rate since they get loans at 6-6.5% from the private sector.

"The government gives 4% to 5% interest subvention on crop loans and a similar rate should be given here too," said an official of a cooperative dairy.