

# Business Standard

## Dinner with BS: Rupinder Singh Sodhi

Accidental milkman

[Shreekant Sambrani](#) July 31, 2015 Last Updated at 22:32 IST



I never aspired to a career with the (Gujarat Cooperative Milk Marketing) Federation (GCMMF), leave alone being its boss someday," says the managing director of the Federation, and my old student from the first batch of Institute of Rural Management, Anand (IRMA), Rupinder Singh Sodhi. "You know well my weakness in marketing," he adds with his characteristic modesty. "I had always thought of myself as a farmers' organisation man. When I learnt that [National Dairy Development Board](#) (NDDB) was recruiting for assignments in Rajasthan, I emphasised my agricultural engineering degree from Udaipur in my resume. But being treated on par with plain commerce graduates with a three-year degree was not acceptable to me, so I did not get the job. I rushed into the Federation interview at the last minute and just made it."

I thought Sodhi would be a fit subject for this column when [GCMMF](#) reported its latest turnover of nearly Rs 21,000 crore last May. I broached the subject when I bumped into him at the Mumbai airport the same evening. He readily accepted the invitation. The when and where took another two months to decide, with a call to Kyrgyzstan (he was part of the delegation accompanying the Prime Minister). Finally, I made him an offer he couldn't refuse: He was never part of the IRMA gang that regularly raided our kitchen in Anand, so here was his chance to make up for it 35 years later. We agreed on dinner at our place.

We begin with my own concoction of spiked plum-lemon soda with *handvi* and *muthiya*, Gujarati savoury delicacies as accompaniments. I pounce on him with the question uppermost in every householder's mind: why the relentless price spiral for milk, now within hailing distance of Rs 50 a litre? He offers the same explanation that he trots out with metronomic regularity: farmers' cost of production - fodder, feed etc - has gone up and not raising prices would be a disincentive, with just about the same degree of persuasion as normally follows these homilies. But he adds a new dimension. "Look at Fonterra (the New Zealand dairy

giant). With Russian counter-embargo on imports and the Chinese slowdown, their business has shrunk. They now pay NZ \$ 4.25 per kg of milk fat as against the earlier \$ 8.50; and the New Zealand dollar has depreciated by 20 per cent. China has also suffered. Until 2008, its milk production grew by about 20 per cent annually. Now, following the imports, it is flat. We pay Rs 600 per kg fat and production is booming."

Point well taken. I recall that when IRMA prepared Operation Flood plan documents for [NDDB](#) in the late 1970s and early 1980s, India's annual milk production was just 20 million tonnes. Per capita daily availability of 125 gm was taken as the objective (the actual was around 100 gm). The production is now 145 million tonnes a year, the world's highest, and the per capita availability is over 310 gm. "In parts of India, it is 700 gm, or the same as in developed countries," Sodhi adds. Without minimising the contribution of technology and organisational interventions, the lion's share of credit for this achievement must go to incentive pricing.

"There is another aspect. Dairying at current prices assures a daily net income of \$1 per animal," Sodhi says.

The international absolute poverty line is daily per capita income of \$1.25 (in purchasing power parity or PPP terms). With the current PPP multiplier of 3.5, a two-animal holding lifts a family of five above the poverty line all by itself.

"Almost the entire Indian dairy production is from small holdings of a few heads of cattle and taken up as collateral to farming, but we are also encouraging specialised, relatively modern, dairy farming with 20-30 animals and milking machines etc, bringing it to the present century," Sodhi says and shows an alluring picture of contented cows enjoying the breeze from large fans hung from the roof of a modern shed. That is from the latest annual report, which also has numerous pictures of women participating in various activities.



The [Amul](#) commitment to gender equality dates back to its inception in 1946. "Women care for animals, so they should benefit from dairying," Dr Verghese Kurien used to say. He realised early that empowering women through income held the key to inculcating awareness of education and health in rural families. GCMMF produced the 1976 Shyam Benegal classic *Manthan*, which gave us the actress nonpareil Smita Patil. It also gave Amul its theme song, "*Maaro gaam katha parey*", sung with verve by Preeti Sagar. Successive editions of Amul short films to showcase women's role in dairy co-operatives have used it as background. The latest version has a woman on a cellphone, a girl in a school science class, and young women in professional careers, all presumably making the most of the opportunities dairying provided. GCMMF spends less than one per cent of its revenues on advertising, but that still makes it one of India's largest spenders. Not all of it is on promoting products; GCMMF also sponsors many activities, including India's Olympic squad. And the "utterly butterfly" Amul girl offers her take on the event

of the week throughout the year.

We adjourn to dinner. It consists of baby peas in *khoa*, *dum aloo Kashmiri*, *stir-fried stuffed bhindi*, *with dahi vada*, *chapatis* and cumin fried rice, all home-made from first principles. We continue our conversation on marketing. Despite Sodhi's feigned disinterest in marketing, his biggest achievement in his five years at the helm of the Federation is in that field. Its turnover has grown from Rs 8,000 crore to Rs 21,000 crore.

A more accurate growth indicator is the daily milk collection, now 15 million litres, up from 9 million litres, of which 15 per cent comes from outside Gujarat. About 80 per cent of the sales comprise liquid milk. The Federation and its member unions distributed Rs 1,600 crore (40 per cent of the added value) as bonus to its principal stakeholders, the 3.3 million co-operative households. Amul as a brand has sales of over Rs 30,000 crore (some district unions using the brand sell on their own), making it not just the largest Indian [food brand](#) but among the largest globally as well.

Sodhi has had his share of struggles. A beleaguered Chief Minister facing a tough re-election brought enormous political pressure against the price rise announced days before the election. Sodhi blandly explained that nothing could be done as films of the maximum retail price to be stuck on packages were already dispatched. To assuage possible hurt sentiments, GCMMF issued full-page advertisements explaining the situation though its usual logic.

After the dessert of lime-and-peach tart stacks, we engage in nostalgia about IRMA. Along with Sodhi, it counts S Sivakumar of the ITC e-Choupal fame, Mathew Cherian, the head of Helpage India, Sankar Datta of Pradan, Neelima Khetan, now the head of corporate social responsibility at Coca-Cola, Priyanka Singh, who heads Seva Mandir, Udaipur, and Sanjoy Ghosh, whose brilliant career as a social activist was tragically cut short by the Ulfa on Majuli island in 1997, among its early alumni. This record compares quite well with that of its more illustrious neighbour, the Indian Institute of Management, Ahmedabad. Above all, Sodhi says, "Dr Kurien was our bulwark against political or bureaucratic interference." I second that on the basis of my own IRMA experience. But Sodhi and his colleagues have learnt their lessons well in fending for themselves and flourishing.