

Opportunities and Challenges for Scaling up Dairy Business in India: Case of Gopaljee Ananda Dairy

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ABSTRACT

India is one of the largest producer and consumer of dairy products. Yet, most of the players operate in unorganised sector. Except for a few large scale cooperatives like Amul, supplemented by state cooperatives in every state of India, there are very few large private players at the national level. Dairy business is a challenging business due to the perishable nature of the product and the existence of a weak cold chain in India. RSD Group which started as a trader for milk in Delhi has over a period of time grown up to be an identifiable large regional player in pockets of north India. It is popularly known as Gopaljee Dairy. Its growth trajectory from Rs 1 billion in 2007-08 to Rs 7 billion in 2013-14 is impressive. The challenge is to source the milk from the farmers in villages around 6 AM, transporting them to Milk Collection Centre (MCC) within an hour, chill at the MCC and then package and transport it to the retail channels for distribution with quality check at each stage. Major challenges include payments to farmers in the shortest possible time and the heavy skew between the demand and supply during summers and winters. Moreover, dairy is a capital intensive venture where loyalties are difficult to build but, when built they remain for a lifetime. Plans are afoot by Gopaljee to be a national player by 2020. It has already set up a new bottling plant in the National Capital Region (NCR) which has a greater capacity than that of the Mother Dairy plant in Delhi. Can it achieve its goals?

Keywords: Dairy, Scaling Up, Gopaljee, India, Challenges, Cold Chain, Subsidy

INTRODUCTION

India is one of the largest producer and consumer of dairy products. It produces 20 per cent of the world's dairy products, yet there is shortage due to heavy domestic consumption. The Indian Dairy market was estimated to be around Rs 754 billion in 2012 growing at a CAGR of 14 per cent over 2007-12 (<http://www.portal.euromonitor.com/portal/analysis/tab>). Dairy products as a category comprises milk and cream, butter, ice cream, curd, khoya, cheese, and other traditional dairy products like chhach (butter milk), shrikhand (sweet meat), etc.

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Disclaimer: This case has been developed for classroom discussion and is not intended to illustrate either effective or ineffective handling of an administrative situation or to represent successful or unsuccessful managerial decision making or endorse the views of the management.