

GCMMF into Oil Business

Why in news?

The Gujarat Cooperative Milk Marketing Federation Limited (GCMMF) has acquired an edible oil plant in north Gujarat.

What is the concern?

- In 1990s, the GCMMF had faced a crisis.
- [The GCMMF is the country's biggest milk cooperative, which is Amul's parent company.]
- This crisis arose as it sold edible oil under the brand name 'Dhara', which was adulterated oil.
- This led to dropsy epidemic in which lives were lost.
- Eventually, the GCMMF exited the oil business in 2004.

What is GCMMF's edible oil project?

- The GCMMF has launched a pilot project in Gujarat on a small-scale.
- Their Cooperative Milk Producers' Union Limited of the Banaskantha district has acquired an edible oil plant at Palanpur.
- This closed oil plant, with a 250-tonne per day capacity, will tap locally grown oilseeds.
- They have started processing three types of oil at the plant — groundnut, mustard and cotton seeds.
- For the new launch, GCMMF will be using the brand name "Janmay".
- The product will be made available in Amul parlours.

What are its expansion plans?

- The milk cooperative is currently targeting the Gujarat market.
- It has introduced the product in Ahmedabad, Vadodara and Anand.
- It plans to expand to the neighbouring Rajasthan.

How does this project mean extra remuneration for farmers?

- Banaskantha farmers already grow mustard, groundnut and cotton in large quantities.
- The idea is to create value-added products for farmers growing oil seeds,

similar to those created for milk.

Why did GCMMF venture into selling edible oil in the first place?

- NDDB (National Dairy Development Board) had launched edible oil in 1988 under the brand name 'Dhara'.
- Dhara was launched under the edible oil marketing intervention scheme on the request of the Government of India.
- It was launched as a part of its Golden Flow operation aimed at curbing the sale of loose oil in the market.
- GCMMF was appointed as the sole selling agent and the milk cooperative union continued to distribute it till 2003.
- Dhara became so big that 35% of GCMMF's Rs 1,000-crore revenue in 1994-95 came from the oil business.

What led to GCMMF suspending the edible oil business?

- In 1998, adulterated mustard oil had led to dropsy epidemic, which left several dead and ill in many parts of the country.
- Several state governments banned mustard oil after argemone oil, an adulterant, was found in several oil brands that were tested.
- Dhara was one of the affected brands.
- In 2017, a Delhi court had fined both NDDB and GCMMF in the matter.
- GCMMF exited from selling Dhara on March 31, 2004.
- Mother Dairy Fruit and Vegetable (MDFVL) took over the marketing of the brand.

How will the new venture procure raw material for producing the oil?

- Dropsy was a very serious issue.
- So, the GCMMF has to be very careful of the source of raw material.
- Banaskantha grows groundnut, cotton and mustard and so GCMMF is sourcing the oil seeds locally.
- GCMMF plans to tap 3.6 million milk producers in its network who are also farmers cultivating oil seeds.

How competitive is the edible oil market in India now?

- When GCMMF began selling Dhara, there was hardly any organised player in the packaged edible oil market.
- Only a couple of brands like Marico were around.
- Now, there are four big national brands.
- The main focus of the GCMMF remains the dairy business.
- It has no big plans for edible oil and non-dairy products.

Source: The Indian Express

