Research Paper Business Administration

A Study on Principles and Performance of Dairy Products Marketing Promotion in India With Special Reference to Tamilnadu State

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ABSTRACT

Dairy sector is important not only as the producer of highly nutritious food products, but also for the sustenance of poor farmers and over all prosperity of the farming community. Currently, milk production in India is around 12.9 Crore metric tonnes per day with the country being the largest milk producer in the world. It is a matter of great pride that a nation which was deficit in milk has now become the leading milk producer in the world. Tamil Nadu ranks eighth in milk production and is well on the way towards achieving the 'Second White Revolution,' Milk trade has become a cottage industry providing employment opportunity in rural areas, particularly to the women folk thereby supplementing the family income. This has assured remunerative price and market support to the producers besides catering to the needs of the consumers

KEYWORDS white revolution, rural employment, policies, consumer behavior

INTRODUCTION

Milk provides relatively quick returns for small-scale livestock keepers. It is a balanced nutritious food and is a key element in household food security. Smallholders produce the vast majority of milk in developing countries where the demand is expected to increase by 25 per cent by 2025. Over 80 per cent of milk consumed in developing countries (200 billion litres annually) is handled by informal market traders with inadequate regulation. Globally, the dairy sector is probably one of the most distorted agricultural sectors: producer subsidies are in place in many developed countries, encouraging surplus production, export subsidies are paid by governments to place the excess production on the world markets, and tariff and non-tariff barriers are erected both by developed and developing countries to protect their dairy sector from 'unfair' competition.

WORLD SCENARIO OF DAIRY PRODUCTS.

Globally, the dairy sector is probably one of the most distorted agricultural sectors: producer subsidies are in place in many developed countries, encouraging surplus production, export subsidies are paid by governments to place the excess production on the world markets, and tariff and non-tariff barriers are erected both by developed and developing countries to protect their dairy sector from 'unfair' competition. Milk has certain features that distinguish it from other agricultural products and shape its production, processing and trade. Milk is a bulky and heavy commodity which requires high-cost storage and transportation as it gets spoiled quickly without cooling. Due to this fact even the largest dairy farms cannot supply adequate quantities to a processing plant. Over the last 24 years, total world milk production has increased by 32 per cent whereas per capita world milk production has declined by nine per cent which indicates that world milk production has not kept pace with the increase in world population. The decline in global milk production per capita can be attributed to falling production in the developed countries whereas per capita milk production in the developing countries has slightly risen over the last 24 years. As opposed to the trend towards intensification of milk production in developed countries, production growth in developing countries is to a large part due to increasing numbers of milk animals (and dairy farms) and only to a small part due to productivity gains.

DAIRY INDUSTRY IN INDIA

Dairy development in India has been acclaimed as one of modern India's most accomplished development programmes. The State like Gujarat, Maharashtra, Uttar Pradesh, Haryana, Rajasthan, Andhra Pradesh, Karnataka and Tamil Nadu are surplus in milk production. The consumption pattern indicates that 45 per cent of milk is consumed in liquid form, while butter milk/separated milk (butter and ghee) constitutes 34 per cent. The balance is in the form of milk powder, ice creams, cheese and other products.

In tamilnadu Salem, Erode, Madurai and Dharmapuri Unions are the Feeder Balancing Dairies. Surplus milk in the District Unions, after meeting their local sales is diverted to the nearest Feeder Balancing Dairies for conversion into milk products, such as Skim Milk Powder, Butter and Ghee. The three Cattle Feed Plants at Madhavaram, Erode and Kappalur are run by the Kancheepuram -Tiruvallur Union, Erode Union, Madurai Union respectively. The production capacity of these cattle feed plants is 100 MT per day each. The balanced cattle feed produced in the form of pellets and mash are supplied to the members of the Milk Co-operatives, livestock farms managed by the Animal Husbandry Department and to various local bodies including the Corporation of Chennai. In Tamil Nadu, out of 8721 registered societies, 6996 Milk Producers' Cooperative Societies are functioning effectively. Only 3950 Primary Milk Producers Cooperative Societies were earning profit. To extend financial benefits such as payment of milk cost in time, payment of bonus and "patronage rebate" to the milk pouring members of the Primary Milk Producers' Cooperative Societies, it is mandatory that every society has to function on profit. Apart from the society many private dairy procurement centers are still working successfully like akshaya,hutsun, tirumala, cavins dairy, milky mist etc.,

INTERNATIONAL STANDARDS FOR DAIRY PRODUCTS

Though standards were initially developed by the public sector to reduce transaction costs and ensure product quality and safety, they have become a strategic instrument of competition of differentiated product markets, especially in developing countries. It can be very difficult for farmers to meet private standards for milk quality and safety which might require investment in mechanical milking, on farm cooling, new feeds and genetic improvement. Apart from the initial investment cost a dairy farmer faces to meet those standards, high op-

erating costs might render small and even medium-scale units unprofitable in the long run.

Different developments are occurring in the global dairy sector at the moment: Production in developed countries is falling (together with the number of dairy cows and farms), while productivity is rising. Simultaneously milk production in developing countries is growing strongly and the numbers of cows are increasing. This development is mirrored in consumption. Dairy consumption levels in developed countries are constant or falling, whereas in many developing countries, particularly in East and Southeast Asia and driven by population growth and growing per capita incomes, dairy consumption is rapidly increasing. With consumer demand in developing countries rising faster than domestic production, global dairy trade volumes are increasing as well with import demand of developing countries being the major driver. OECD dairy policies mainly result in a financial transfer from consumers in OECD countries to producer and processors. However, the artificially low world market price for dairy products, and here especially milk powder, might have negative impacts on dairy farmers in developing countries who have to compete on their local markets with imported milk powder.

MILK CONSUMING PATTERN IN INDIA

In India about 46 % of the total milk produced is consumed in liquid form and 47 % is converted into traditional products like cottage butter, ghee, paneer, khoya, curd, malai, etc. Only 7 % of the milk goes into the production of western products like milk powders, processed butter and processed cheese. Among the milk products manufactured by the organized sector some of the prominent ones are ghee, butter, cheese, ice creams, milk powders, malted milk food, condensed milk infant's foods etc. Of these ghee alone accounts for 85%. It is estimated that around 20% of the total milk produced in the country is consumed at producer-household level and the remaining is marketed through various cooperatives, private dairies and vendors. Also of the total produce more than 50 per cent is procured by cooperatives and other private dairies. 60 per cent of the total milk procured by co-operatives is consumed in fluid form and the rest is used for manufacturing processed value added dairy products; As far as private dairies are concerned only 45 per cent is marketed in fluid form and the rest is processed into value added dairy products like ghee, makhan etc. Still, several consumers in urban areas prefer to buy loose milk from vendors due to the strong perception that loose milk is fresh. Also, the current level of processing and packaging capacity limits the availability of packaged milk. As high as 98 per cent of milk is produced in rural India and it caters to 72 per cent of the total population. In the urban sector 28 per cent population consumes 56 per cent of total milk produced. Even in urban India, as high as 83 per cent of the consumed milk comes from the unorganized traditional sector.

India's dairy market is multi-layered. It's shaped like a pyramid with a vast market for low-cost milk. The bulk of the demand for milk is from the poor in urban areas whose individual requirement is small, maybe a glassful for use as whitener for their tea and coffee. Nevertheless, it adds up to a sizable volume - millions of liters per day.

DAIRY INDUSTRY IN TAMILNADU

Dairying, by playing a significant role in strengthening rural economy has brought about socio-economic transformation in Tamil Nadu. Small farmers, marginal farmers and downtrodden constitute majority of milk producers. Dairying has vast potential to generate employment and has helped in poverty alleviation in the rural belt. Dairying provides definite and regular income and employment to millions of rural families throughout the year, especially to women thereby improving the quality of their life. The milk producers in the State in the Co-operative sector on an average get daily income of Rs.329.00 lakhs collectively (Rs.1,20,085 lakhs annually) for the milk they pour to the dairy societies which indicate the importance of this sector in the rural economy.

ROLE OF TAMILNADU DAIRY DEVELOPMENT DEPARTMENT AND ITS FUNCTIONS

The growth of dairying in Tamil Nadu is laudable ever since the Dairy Development Department was established in 1958 in Tamil Nadu. The administrative and statutory control of all the dairy cooperatives in the State was transferred to this department on 01.08.1965. The Commissioner for Milk Production and Dairy Development is the Head of the Department and also officiates as the Functional Registrar of Dairy Co-operatives. He also functions as the Managing Director of the Tamil Nadu Co-operative Milk Producers' Federation Limited and State Registering authority under Milk and Milk Products Order, 1992 for the State of Tamil Nadu.

The milk producers unions have the following functionalities:

- Establishing chilling centers.
- Finding new milk routes for collecting milk produced by the members.
- Collecting milk from societies and then processing and packing those in modern dairy plants.
- Determining the procurement and selling price of milk.
- Increasing the liquid milk sales by undertaking innovative promotional activities.
- Supplying inputs to the members.

CONCLUSION

India is the world's highest milk producer and all set to become the world's largest food factory. In celebration, Indian Dairy sector is now ready to invite NRIs and Foreign investors to find this country a place for the mammoth investment projects. Be it investors, researchers, entrepreneurs, or the merely curious – Indian Dairy sector has something for everyone.

Milk production is relatively efficient way of converting vegetable material into animal food. Dairy cows buffaloes goats and sheep can eat fodder and crop by products which are not eaten by humans. Yet the loss of nutrients energy and equipment required in milk handling inevitably make milk comparatively expensive food. Also if dairying is to play its part in rural development policies , the price to milk producers has to be remunerative. In a situation of increased international prices, low availabilities of food aid and foreign exchange constraints, large scale subsidization of milk conception will be difficult in the majority of developing countries.

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