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CHAPTER TWO : OBJECTIVES AND METHODOLOGY OF THE STUDY

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## 2.1 Objectives of the study:

Organised dairy industry has made undreamt strides in the recent past. The organisation of Anand-pattern Co-operative Milk Producer's Federation in various states and successive implementation of Operation Flood has equipped the whole nation with an organisational set-up and which is proving to be more effective locomotive for our growth.

The Karnataka Co-operative Milk Producer's Federation Ltd., which will perhaps rank as one of the greatest milk Co-operatives in India, will not only provide a substantial supplementary income to farmers but will also materially alter the agricultural economy of North Karnataka. For a long time, the dairy farmers in Dharwad and the districts nearby faced a problem they could not come to grip with-the problem of marketing surplus milk profitably. There was neither an organised system of milk procurement from the villages nor processing facility, leave aside the marketing net work.

It was a situation which suited private middlemen, who were in a position to dictate their own terms. But now, all that has changed and future is bright for the dairy farmers of Northern Karnataka as they have an assured market for their surplus milk. Thanks to Karnataka Co-operative Milk Producer's Federation Limited for locating its product plant at Dharwad.

The milk required for the production of products will be procured from dairy farmers in the project districts of Dharwad, Belgaum, Bijapur and North Kanara, through village level dairy Co-operatives. All this means not only a regular off-take of surplus milk but will ensure fair remuneration to dairy farmers along with economic upliftment of the region.

The present study has focussed its light upon the extension of organised dairying under Co-operative sector in India in general, and in Northern Karnataka in particular. It therefore intends to:

1. study the progress of dairy development under Co-operative sector in India,
2. study the establishment of Co-operative Milk Producer's Federation in Karnataka, with special reference to its product plant Dharwad,
3. study and evaluate the marketing strategy developed by Karnataka Co-operative Milk Producer's Federation Limited., for marketing its milk products, and
4. having evaluated the marketing strategy developed by Karnataka Co-operative Milk Producer's Federation Limited., to make necessary recommendations.

## 2.2 Significance of the study:

Dairying is an important segment of agriculture, as such its development is still more important for the progress

of India's rural economy. It generates additional income to farmers which, in turn enable them to improve their social and economic status.

Within the next decade and a half, a second India will be born in our country and over a thousand million people will join the battle for survival. The grimness of this reality is that over thirty-eight years time phase, we have not been able to optimally utilise our resource base to meet the needs of a population that has increased by 350 million. We are now faced with the challenge of meeting within a time span of 15 years, the needs of a nation with 600 million people. True, the per-capita availability of many of our daily needs has increased, yet the minimum needs of the majority of population are yet to be met. Growth in food grain production has been substantial and similarly, the growth in milk production has also shown significant increase. Milk provides about two third of animal protein consumed in India and family expenditure on milk and milk-products tends to increase proportionately more than income.

While we consider milk production, three inputs stand out; animals, feed and labour. Labour is abundant in India's villages and remains idle most of the year. Fodder and agricultural by-products are non-edible by humans and the idle labour has very little opportunity cost. Combining

these inputs dairying produces an economic commodity-milk, and the surplus production of which has given a place for the production of its products. This unique feature of dairying is further manifest in its dominance amongst a large number of marginal and small farmers and land-less labourers. Since crop production alone cannot absorb the growing labour force arising out of extensive landlessness among rural population, dairying provides an alternative.

Increase in the production of milk and milk-products is essential to meet the needs of our growing population with its improving standards of living. Potential for growth of consumer demand of milk and milk products is enormous as the per capita availability is still low; with further rise in population and income more demand will be generated. Market sophistication is also growing with consequent demand for improved products and packaging. However aggressive marketing is necessary to promote consumption of milk products both in urban and rural areas.

Dairy industry had played an important role in the economic development of advanced countries and it will play a same role in the economic development of developing countries. Dairying is a business subsidiary to agriculture. It indirectly helps to increase agricultural production, and directly helps in generating employment opportunities

particularly in rural areas. It augments the income of the poorest poor in the rural areas and creates stability of life in such areas. It is increasingly becoming an instrument of economic and social change. Just as the 'green revolution' has given us freedom from grain imports, so will the 'white revolution'- increasing yields per cow and buffalo eliminate the need for imports of milk products, which is after all the objective of any form of development.

### 2.3 The scope:

The Karnataka Co-operative Milk Producer's Federation Limited., has established its product plants not only at Dharwad but also in other parts of Karnataka. All the plants are marketing both milk and milk products under the family brand 'Nandini'. The scope of present study is confined to the marketing of milk products of Karnataka Co-operative Milk Producer's Federation's product plant Dharwad. Further, the study is restrained by the non-disclosure of certain data by Federation's authorities from the point of maintaining business secrecy.

### 2.4 The Methodology:

The present study is based upon both-the primary and the secondary data. The primary data, though to a limited extent, is collected through casual discussion (unstructured

interview) with the members of marketing department of Karnataka Co-operative Milk Producer's Federation Limited., its approved dealers and the retailers of Nandini milk products.

The secondary data is collected through 'Desk Research' method which denotes extraction of market information with the help of published and other written sources. It includes not only the use of Journals, directories and official statistics, but also the internally generated data. As such, the following sources are made use of:

a) Records of Federation : The official records pertaining to the procurment of milk, selection of channels of distribution, selection of members therein, the terms and conditions for appointment of dealers, fixation of sales territories, advertising, sales promotion activities etc., is made use of.

b) Library materials : As marketing of milk products is a new field ventured just after 1960's, very little is available through published and preserved sources. The references of the following publications is made use of:

- I. Monthly progress reports published by Indian Dairy Corporation.
- II. Monthly progress reports published by Indian Dairy Association.

- III. Monthly progress reports published by Karnataka Co-operative Milk Producer's Federation Limited.,
- IV. Quarterly progress reports published by Indian Dairy Corporation.
- V. Quarterly progress reports published by Karnataka Co-operative Milk Producer's Federation Limited.,
- VI. An annual publication on the progress of Dairy Industry in India "Dairy India, 1983 & 1984"
- VII. Daily Newspapers used for publicity by Karnataka Milk Federation like Deccan Herald, Indian Express and The Samayukta Karnataka, etc.,

The informations, thus collected is presented systematically so as to provide a clear picture of marketing strategy developed by Karnataka Milk Federation.

## 2.5 Plan of the study :

The study is presented in five chapters. First chapter deals with the theoretical aspects of marketing. The need of including theoretical aspects is felt as marketing of all products including milk products is basically concerned with : Goods to be marketed, the marketing functions to be performed, and the marketing men involved therein. Hence, the first chapter is divided into three parts namely, marketing, market and the channels of distribution. The first part includes the meaning, definition and significance of marketing. An



attempt is made to show the evolutionary progress of marketing from the stage of agrarian economy to the present concept of marketing wherein all marketing activities begins with and ends at 'satisfying the consumers'. The importance of marketing from the point of firms, consumers, society and the developing nations like India is shown. Further, an attempt is made to show the grounds on which marketing is criticised. The second part deals with the definition, meaning and classification of market. The strategies for market-coverage and the important bases upon which the markets are being segmented is shown. And the third part of first chapter deals with marketing channels through which the goods flow and reach the final consumers or users. The factors affecting the selection of channel members is also shown.

The second chapter deals with the frame work of study. It covers the objectives of study, the significance of study, the scope of study, the methodology adopted and the plan of study.

The third chapter deals with study of Karnataka Milk Federation itself. It takes into its fold the aspects like establishment, the ownership and the management of Karnataka Milk Federation. The exact pattern and structure of organisation is shown disclosing the place of marketing department. The development of dairy industry in India is

shown as a background for the development of dairy activities in Karnataka and for the establishment of Karnataka Milk Federation's product plant at Dharwad.

The fourth chapter forms the main zist of the present study. It is a micro-level study of marketing strategy developed by Karnataka Milk Federation to market its milk product. It deals with the controllable and uncontrollable variables of marketing strategy. The controllable variables like the product, place, promotion and price variables framed are systematically presented.

The product strategy covers the exact products, their contents, standards, grades and nutritive value. The policy for branding and packaging its products is shown along with the marketing significance. The statutory provisions to prevent adulteration and misbranding of milk products is also shown.

The place strategy covers two aspects, namely, the channels and the physical distribution. The different channels, the exact type and number of middlemen chosen by Karnataka Milk Federation to market its milk products is shown. The terms and conditions to extend ~~Non-Exclusive-Approved~~ dealership is presented. The aspects under physical distribution includes the policy framed by Karnataka Milk Federation for transportation and warehousing of its products.

The promotional strategy reveals the policy adopted by Karnataka Milk Federation to advertise and promote its milk products in the market. The different media to undertake its sales-promotion and advertising activities is minutely shown.

Finally, the price strategy reveals the sub-variables like the pricing policy, the terms of sale and the Resale-Price-Maintainance-Policy adopted by Karnataka Milk Federation.

The uncontrollable variables of Karnataka Milk Federation's marketing strategy includes those aspects which are beyond the reach of marketing authorities. As such, the controllable variables are to be developed keeping in mind the needs and requirments of uncontrollable variables like the demand variable, the competition variable, the trade variable, the managerial skills, the financial resources and so on.

The fifth and final chapter deals with the analysis, findings, conclusion and recommendations.