

**RESEARCH PAPER**

Dairy entrepreneurship development in North East India: A case study of Friendship Dairy and Agro Product Unit of Manipur

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Abstract : India has been the leading producer and consumer of dairy products worldwide since 1998 with sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural Indian economy, serving as a critical source of employment and income. The dairy market in India reached a value of INR 10,527 billion in 2019. As of 2020, approximately 4.2 per cent of India's gross domestic product is due to dairy production. The present study was performed at Friendship Dairy and Agro Product Unit of Manipur to examine the product availability and performance and also to investigate the marketing strategies and analyze the marketing channels. Both primary and secondary data were collected for the study. The major products of Friendship Dairy are pasteurized toned milk, pasteurized curd, ghee and paneer which are available in different packs and sizes. Highest net sales (Rs. 2,78,78,928.00) and profit (Rs. 5,04,442.00) of Friendship Dairy were recorded in 2018-19. Two prominent marketing channels were identified in the study and marketing channel comprising of Producer – Distributor – Retailer – Consumer was found to be dominant through which nearly 78 per cent of the milk and milk products were moved around the Imphal City. The firm has effective marketing strategies with respect to products, price and promotions, which may help them in running the enterprise successfully for a longer period of time.

Key Words : Partnership farm, Dairy, Milk products, Marketing channel, Marketing strategies

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INTRODUCTION

Dairy production is one of the major sustenance factors for the rural economy of India. At the national level, about 17 per cent of the total value of output from agriculture derives from this sector. It is a major contributing factor to the livelihood of resource poor subsistence farmers in a number of ways: income from

milk and milk products, insurance against draught, emergency cash requirements, household nutrition, fuel for cooking, manure for crops, draught power for farming etc. (Samal and Pattanaik, 2013).

Indian livestock are roughly half as efficient as the average milch animals in the world and probably only one-fifth as efficient as those in the advanced countries

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(Shah, 2001). India has been the leading producer and consumer of dairy products worldwide since 1998 with sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural Indian economy, serving as a critical source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major milk producing countries. Moreover, nearly all of the dairy products in India is consumed domestically, with the majority of it sold as fluid milk. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development. As of 2018, India is the leading milk producing country in the world, accounting for approximately 19 per cent of the global market share. The dairy market in India reached a value of INR 10,527 billion in 2019. The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of around 14.8 per cent between 2018 and 2023, and will reach Rs 2,458.7 bn in financial year 2023 (Kamble *et al.*, 2020).

Popularity of milk in the plains of North East India is at par with other parts of the country. There is also a positive trend in milk consumption by hill tribes. Unlike in 1970s, dairy farming is now an important farming activity throughout the hill states of the region. Dairy sector in North East India of late assumes significance from the point of view that the region provides ample opportunity for investment. Guwahati, the gateway to North Eastern region, alone requires an estimated 6 lakh liters of milk against local supply of 1,25,000 liters of milk per day (Barbaruah, 2018). The market for UHT (Ultra Heat Treated) milk is growing exponentially within the region. The production in the states of the region is far below the requirement and unconfirmed report indicates huge interstate import of liquid milk (Barbaruah, 2018). High consumption of dairy-whitener in the region is also indicative of the fact that locally produced milk is not available to the consumers as per demand. Besides low surplus production at farmers' end, inadequate marketing infrastructure/ milk delivery system is another reason for non-availability. Major cities of the region are chronically suffering from shortage of quality milk. High demand is the root cause for whispered adulteration (Barbaruah, 2018). Various Indian dairy companies are chalking out plans to widen their footprints in the North Eastern states, encouraged by the region's wet climate which is considered favorable for setting up dairy farms

and processing units.

Among the states of North-East India, Manipur is also one of the largest milk producing state. According to 19th Livestock Census 2012, cattle population in Manipur was 263.84 (in '000), which constitute 44.31 (in '000) crossbred and 219.53 (in '000) local breed cows. The total buffalo population was 66.37 (in '000). The total production of milk of the state was estimated 81.77 litres (in '000) during 2015-16. However, per capita milk availability was 33 gm per day which is very low as compared to the India Council of Medical Research (ICMR) recommendation (250 g/day) (Singh *et al.*, 2019).

The Friendship Centre of Manipur had started dairy work in 2002 by traditional methods. In the beginning they were involved only in collection and distribution of raw milk. By motivating the farmers of the locality for rearing milk producing cattle, Friendship Centre had formed a Self Help Group comprising of 14 farmers with support and advice from The Council of Advancement of People's Action and Rural Development (CAPART). They initially started collecting raw milk of the farmers and had sold it in nearby Lamlong Bazar. After 3 years, to overcome the bottlenecks of milk selling process Friendship Centre had decided to purchase pasteurization machine and some well wishers of Friendship Centre had helped them in getting the loan from Manipur Rural Bank. The Friendship Centre had established a partnership firm called "The Friendship Dairy and Agro Products Unit" on 6th November 2013, assisted under Dairy Entrepreneurship Development Scheme (DEDS) by Department of Animal Husbandry, Dairying and Fisheries (DAHD&F), Government of India through NABARD, Imphal. Currently, Friendship Dairy unit is supplying around 2000 liters of pasteurized milk per day in the market. Moreover, they supply quality milk products such as paneer, curd and ghee on regular basis. Hence, the present study is undertaken to know the performance of the Friendship Dairy Partnership Unit with the following objectives.

- Examine the product availability and performance
- Investigate the marketing strategies and analyze the marketing channels

MATERIAL AND METHODS

The study was conducted in Friendship Dairy and Agro Product Unit – A Partnership firm located at Khurai

Kongpal (Thoubandong) Tinsid Road, Imphal East district of Manipur. The study was descriptive in nature and the data were collected from both primary as well as secondary sources. The data on information on product details, product prices, marketing channels, marketing strategies etc. were collected from the owners and workers of the organization. The data collected were analyzed with the help of following analytical tool to derive the results.

Compound Growth Rate (CGR):

The compound growth rate was worked out by using exponential potential function of the form

$$Y = ab^t$$

$$\ln y = \ln a + t \ln b$$

$$CGR = (\text{Antilog } b - 1) \times 100$$

where,

y = Dependent variable

a = Intercept

b = Regression coefficient

t = Time in years

RESULTS AND DISCUSSION

The results obtained from the present investigation as well as relevant discussion have been summarized under following heads :

Product details of Friendship Dairy Unit"

Friendship pasteurized toned milk:

Toned milk is considered as common milk, which contains 3% Fat and 8.5% SNF (Solid Not Fat). Since the milk is homogenised, whitening capacity is more and less amount of milk will be sufficient for whitening tea/coffee. This milk mainly focuses on domestic consumers and is available in two pack sizes.

On an average, the plant produces around 3000 packets of pasteurized toned milk daily, out of which 2000 and 1000 packets are of pack sizes 360 ml and 180 ml, respectively. Around 1000-1500 packages are moved out in the morning shift *i.e.*, 8:00 am to 11:30 am and 1600-2000 packages are sold in the evening shift *i.e.*, 12:00 pm to 4:00 pm through distributors in selected markets.

Curd:

It is fermented product prepared from pasteurized toned milk. Friendship curd contains 0.5% fat and 9.0% SNF. It is delicious, tasty, and is ideal for salad dressing, as an appetizer, for making desserts etc. Approximately

100 packages of curd is produced on every alternative day.

Friendship ghee:

Friendship ghee contains 99.7% milk fat and is manufactured by melting fresh cream. Natural aroma and flavour of ghee is retained since it is produced directly from fresh cream instead of going in melting stored butter. No artificial colours or flavours are added in Friendship ghee. Production of ghee mainly depends on customer's demand and around 5 kg ghee is produced on every alternative day.

Friendship paneer:

Friendship paneer is made by coagulating boiled hot whole milk with citric and lactic acid and subsequent drainage of whey. It is fresh source of milk protein and has good flavour and smooth texture. 10-12 kg paneer is produced on regular basis in the plant. Moreover, they also receive bulk orders for different occasions.

Sr. No.	Milk and Milk Products	Pack size	MRP (Rs.)
1.	Pasteurized toned milk	180 ml/ 360 ml	10.00/ 20.00
2.	Curd	180 ml/ 360 ml	30.00/ 60.00
3.	Ghee	200 ml/ 400 ml	100.00/ 200.00
4.	Paneer	500 gm/ 1 kg	220.00/ 430.00

Net sales of Friendship Dairy:

Table 2 represents the net sales of Friendship Dairy and Agro Product Unit during 2015-2020. In last 5 years, net sales has shown a positive growth trend touching the peak in 2019 (Rs. 2,78,78,928.00). The farm had faced a decline in the sales in 2019-2020 due to Covid pandemic and severe feed and fodder crisis had faced by all associated farmers. During the peak lockdown period, the business had badly effected as selling of milk and milk products were almost closed down for nearly two months. Though the compound growth rate was found positive (6.72), it was not significant showing an uneven

Sr. No.	Financial year	Net sales (Rs.)
1.	2015- 2016	1,31,01,288
2.	2016- 2017	1,89,00,153
3.	2017- 2018	2,34,17,277
4.	2018- 2019	2,78,78,928
5.	2019- 2020	1,49,30,215
	CGR (%)	6.72

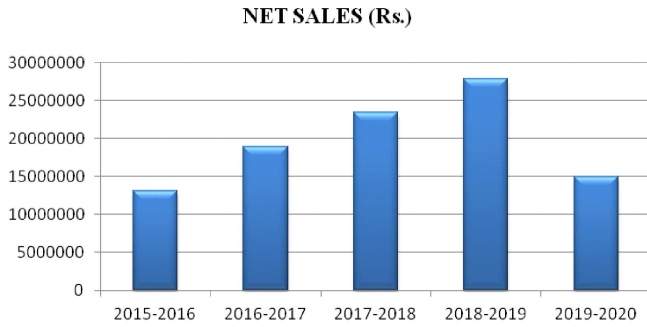


Fig. 1 : Net sales of Friendship Dairy (2015-16 to 2019-20)

growth in net sales of Friendship Dairy.

Profit after taxes of friendship dairy:

Profit after taxes of Friendship Dairy was found highest in 2018-2019 (Rs. 5,04,442.00), followed by in 2017-18 (Rs. 4,44,712.00) and 2016-17 (Rs. 2,00,204.00), respectively. In 2019-2020 the profit was decreased to Rs. 1,79,204.00 due to the emergency situations created by Covid pandemic and its subsequent lockdown phases. Though the compound growth rate was found positive (17.34), it was not significant showing an uneven growth in profit of Friendship Dairy.

Sr. No.	Financial year	Profit after taxes (Rs.)
1.	2015- 2016	1,27,858
2.	2016- 2017	2,00,204
3.	2017- 2018	4,44,712
4.	2018- 2019	5,04,442
5.	2019- 2020	1,79,204
CGR (%)		17.34

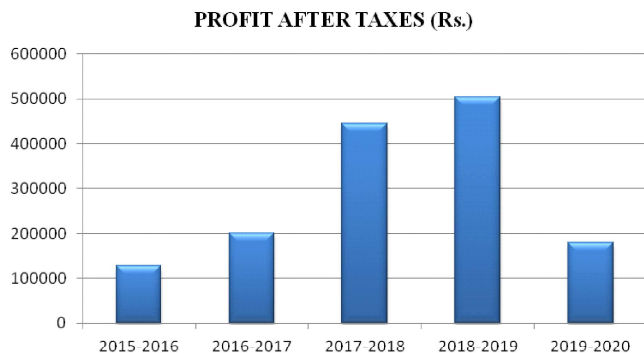


Fig. 1 : Profit after taxes of Friendship Dairy (2015-16 to 2019-20)

Marketing margins offered by Friendship Dairy to market intermediaries:

Marketing margins offered by Friendship Dairy to

its distributors and retailers are shown in Table 4. It is observed that the distributors had received margins of Rs. 0.50, Rs. 1.00, Rs. 1.50 and Rs. 1.50 per pack of toned milk, curd, ghee and paneer, respectively. Similarly, the retailers had received margins of Rs. 2.00, Rs. 4.00, Rs. 5.00 and Rs. 5.00 per pack of toned milk, curd, ghee and paneer, respectively. It is interesting to note down that Friendship Dairy has been offering similar margins like the reputed national dairies for its products' popularization and increased sale.

Marketing strategies of Friendship Dairy:

Advertisement:

Friendship dairy uses both print (such as newspaper advertisement, vehicle painting and information banner) and electronic media (such as TV commercials, radio programme) for popularizing its products. It has done a lot of print campaigns in various newspapers, billboards etc.

Sales promotion:

Exclusive discounts up to 5 per cent for the bulk purchases during festive seasons and occasions are provided by the Friendship Dairy.

Public relations:

Along with 'Sales promotion' strategy, Friendship Dairy also sales milk at reduced price (Rs. 2 less per liter) to those consumers who carry their own containers for purchasing milk from the selling booth.

Loose milk sale at discounted price during Covid crisis:

Friendship Dairy had supplied its entire milk to the hostels of educational institutions, hospital cafeterias, covid care centres etc. at discounted price during Covid pandemic to cover up its huge loss which it could face during complete lockdown phase.

New product development:

A number of new decisions have already taken by Friendship Dairy to launch a few new milk products in the market.

Aggressive selling technique:

The Dairy always prefers to adopt aggressive selling techniques for those products which are in the introductory stage of product life cycle.

Table 4 : Marketing margins offered by friendship dairy

Sr. No.	Product	Pack size	MRP (in Rs.)	Purchase price (in Rs.)		Margin (in Rs.)	
				Distributor	Retailer	Distributor	Retailer
1.	Toned milk	180 ml	10.00	7.50	8.00	0.50	2.00
		360 ml	20.00	17.50	18.00	0.50	2.00
2.	Curd	180 ml	30.00	25.00	26.00	1.00	4.00
		360 ml	60.00	55.00	56.00	1.00	4.00
3.	Ghee	200 ml	100.00	93.50	95.00	1.50	5.00
		400 ml	200.00	193.50	195.00	1.50	5.00
4.	Paneer	500 g	220.00	213.50	215.00	1.50	5.00
		1 kg	430.00	423.50	425.00	1.50	5.00

Marketing channel used for marketing of milk and milk products:

Marketing channel is the route through which products are moved from the producer to consumer. The efficiency of marketing channel is important from the view point of income of different stakeholders. In the present study, following two (2) marketing channels were identified for marketing of milk and milk products by Friendship Dairy.

Channel I: Producer → Consumer

Channel II: Producer → Distributor → Retailer → Consumer

Channel I was the direct channel through which 22 per cent milk and milk products were sold to the consumers. Channel I was mostly preferred by the neighbouring people of the Dairy for purchasing milk on daily basis. In Channel II, two market intermediaries namely the distributors and the retailers were used by the Dairy to sale its products. Though profit received by the Dairy was less in channel II, they had to sale 78 per cent of its products through this channel only to increase its overall sale and expand the market.

Conclusion:

Indian dairy sector contributes a large chunk in agricultural gross domestic product. Milk is one of the basic needs for the people. Dairy has a lot of potentials to improve rural income and nutrition and hence it has a wider scope for improving rural economy. Friendship Dairy and Agro Product Unit is a successful dairy firm and its brand “FRIENDSHIP DAIRY” becomes a household name in Imphal East and Imphal West districts

of Manipur with its attractive products and efficient service. The major products of Friendship Dairy are pasteurized toned milk, pasteurized curd, ghee and paneer which are available in different packs and sizes. The awareness level on firm’s products among the consumers is high, but the market share is comparatively low mainly because of lesser availability of milk in the Dairy on daily basis. Currently The dairy uses two marketing channels for distribution of its milk and milk products. Friendship Dairy has good marketing strategies with respect to product, price and promotions, which may help them in running the enterprise successfully for a longer period of time.

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