

CHALLENGES FACED BY DAIRY EXPORTERS IN COIMBATORE CITY – AN EMPIRICAL ANALYSIS

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INTRODUCTION

Globalization is one of the greatest strategic challenges for all industries. Globalization is the new mantras of the 21st century, which is more helpful to enrich all the countries business opportunities. In India all the business sector is booming with the help of healthiest human resources, especially the India's dairy industry is growing day by day, since India is the world's largest milk producer. India ranks first in milk production as well as consumption in the world accounting for around more than 17% of the global milk production. Meanwhile, Indian milk product is cheapest one comparatively other developed and developing countries. The world dairy market has undergone significant structural changes over the last two decades as the milk production has expanded by an annual average compound growth rate of almost 2 percent. Dairy industry provides livelihood to millions of homes in villages, ensuring supply of quality milk and milk products to people both in urban and rural areas. In India, dairy business has been considered as one of the activities aimed at alleviating the poverty and unemployment issues in rural areas. Dairy products are a major source of cheap and nutritious food to millions of people in India and the only acceptable source of animal protein for large vegetarian segment of Indian population, particularly among the landless, small and marginal farmers. In the rural areas, livestock is considered as a more secure source of income for the small farmer and landless poor people. The dairy sector in the India has shown remarkable development in the past decade and India has now become one of the largest producers of milk and value-added milk products in the world. Nearly one third of world's intake of animal protein is provided by milk and milk products. Development of dairy sector is not only required to meet the increasing demands of animal protein but its development is necessary for social and economic reasons as dairy animals are good source of regular income, economically utilize the family labour, produce social security and supply growing markets.

STATEMENT OF THE PROBLEM

Dairy industry is playing very important role in India for developing the urban and rural people economic standard and their survival. It generates regular income not only to the rural but also to the urban and semi-urban population, especially to women folk by providing self-employment opportunity and thereby improving their life. At the same time, dairy product exporters and dairy farm owners are facing some challenges like lack of proper extension services, causing low production due to non-adaptation of improved dairy technologies among the dairy farmers. Low productivity of milk animals is a serious constraint to dairy development. The dairy sector holds high promise as a dependable source of livelihood for the vast majority of the rural poor. Liberalization of world trade in dairy products under the new trade regime of the World Trade Organisation poses new challenges and has opened up new export opportunities for the dairy industry. The dairy sector in India needs to enhance its competitive economic advantage in dairy products in terms of both quality and cost and its credibility in international markets. The Indian dairy industry needs to focus simultaneously on the four-fold challenge of quality, product development, infrastructure- support development, and global marketing. In today's dairy industry many dairy farm owners and farmers are struggling to get half the price of market for their quality produce. Also considering complexity of milk distribution, milk becomes a commodity by the time it reaches final consumers. Therefore, there is a necessary to find out the challenges of milk product exporters in the study area for overcome the challenges and observe the new opportunities in the world market related to dairy and its allied products in future.

OBJECTIVES OF THE STUDY

The present study is consist with two objectives of the study namely to identify the major challenges faced by the dairy product exporters in Coimbatore city and observe the various schemes, services and subsidies offered by APEDA towards dairy product exporters in the study area.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve a research problem. It is a science of studying how research is done scientifically. Essentially it is the procedure by which the researchers go about their work of describing, evaluating and predicting phenomenon. It aims to give the work plan of research. It provides training in choosing methods materials, scientific tools and techniques relevant for the solution of the problem.

AREA OF STUDY

The research study was conducted in Coimbatore city. Since this city is very popular for its climate and suitable atmosphere to all kinds of business including agricultural and its allied business are familiar in among the Coimbatore, pollachi and udumalaipettai due to its natural climate. There are umpteen number of dairy farm and farmers are involving with dairy production activities in this area. Therefore, this area is selected as a study area by researchers.

RESEARCH DESIGN

The researcher has adopted descriptive and analytical research design for observing the challenges faced by dairy product exporters in Coimbatore city.

PERIOD OF STUDY

The researcher has collected the primary data from May 2018 to September 2018 in among the dairy product exporter in Coimbatore city.

METHODS OF DATA COLLECTION

The researcher has applied the primary and secondary data method for collecting the necessary data. The primary data is collected through structured questionnaire and secondary data is collected through various published sources like journals, magazines, dailies and other mass media both print and internet sources for constructing this present study.

SAMPLING DESIGN

The researcher has used convenient sampling techniques for collecting the primary data from mushroom exporters in Coimbatore city. The sample size is determined as fifty five dairy product exporters, those who are registered their concern as a dairy product exporter in Coimbatore chamber of commerce.

STATISTICAL TOOLS APPLIED FOR THE STUDY

The following statistical tools have been used by researcher for to do the analysis part of the study. They are Simple Percentage Analysis, Weighted average score mean, ranking method and chi-square test.

SHORT COMINGS OF THE STUDY

The study is based on Coimbatore city dairy product exporter opinion only. The findings of the present study may not suitable to entire India. Due to time constraint and busy schedule of the dairy product exporters, researcher has collected 55 questionnaires from the dairy product exporter in Coimbatore city.

RESULTS AND DISCUSSION OF THE STUDY

Table number: 01 Major dairy product export and import countries

Serial number	Exporting country	Value in US Dollar million	Importing country	Value in US Dollar million
1	United States of America	91.3	Germany	5,991.00
2	India	60.6	Italy	3,488.00
3	China	35.7	China	3,371.00
4	Brazil	34.3	Netherlands	3,345.00
5	Germany	31.1	France	3,242.00
6	Russia	30.3	United Kingdom	3,180.00
7	France	23.7	Belgium	3,134.00
8	New Zealand	18.9	United States of America	1,966.00
9	Turkey	16.7	Russia	1,907.00
10	United Kingdom	13.9	Hong Kong	1,808.00

Source: worldatals.com

**Table number: 02 Opinion towards Critical factors of dairy production process
Opinion about Critical Issues in Carrying out Dairy Products**

S.NO	CRITICAL ISSUES	SA	AG	N	DA	SDA	TOTAL	MEAN
		5	4	3	2	1		
1	Cleanliness and Hygiene	49	6	0	0	0	55	4.9
		245	24	0	0	0	269	
2	Cooling Temperature	33	18	3	1	0	55	4.5
		165	72	9	2	0	248	
3	Time	23	21	10	1	0	55	4.2
		115	84	30	2	0	231	
4	Humidity	6	13	23	8	5	55	3.1
		30	52	69	16	5	172	
5	Cost	8	14	18	12	3	55	3.2
		40	56	54	24	3	177	
6	Distance	5	12	11	19	8	55	2.8
		25	48	33	38	8	152	
7	Meeting Demand	23	15	5	6	6	55	3.8
		115	60	15	12	6	208	

Source: Primary Data

Table number : 03 Showing the Problems Faced by the Dairy Exporters during Exports

S.N O	CHALLENGES FACED BY DAIRY EXPORTERS	11	10	9	8	7	6	5	4	3	2	1	TOTAL	MEAN	RAN K
1	Government Control	8	3	4	4	4	8	3	10	7	3	1	55	6.3	IV
		88	30	36	32	28	48	15	40	21	6	1	345		
2	Difference in Laws and Policies	2	7	7	4	7	6	4	4	7	1	6	55	6.1	VI
		22	70	63	32	49	36	20	16	21	2	6	337		
3	Difference in Payment	5	3	6	7	2	6	1	4	4	8	9	55	5.5	IX
		55	30	54	56	14	36	5	16	12	16	9	303		
4	Custom Duty	4	5	2	3	5	1	7	11	7	6	4	55	5.3	X1
		44	50	18	24	35	6	35	44	21	12	4	293		
5	Economic Dependence	2	5	4	3	5	6	13	5	5	4	3	55	5.7	VIII
		22	50	36	24	35	36	65	20	15	8	3	314		
6	Poor Milk Quality	3	8	3	5	5	2	2	3	11	4	9	55	5.4	X
		33	80	27	40	35	12	10	12	33	8	9	299		
7	High Transportation Cost	9	2	9	4	5	2	5	2	2	7	8	55	6.2	V
		99	20	81	32	35	12	25	8	6	14	8	340		
8	High Operating Cost	5	10	6	4	3	5	5	5	1	6	5	55	6.5	II
		55	100	54	32	21	30	25	20	3	12	5	357		
9	Fragmented Milk Supply	6	5	4	6	7	9	8	4	3	3	0	55	6.8	I
		66	50	36	48	49	54	40	16	9	6	0	374		
10	Price Fluctuation	4	4	9	8	6	4	3	3	4	6	4	55	6.4	III
		44	40	81	64	42	24	15	12	12	12	4	350		
11	Lack of Timely Refrigerator	5	5	2	8	5	6	4	4	5	6	5	55	5.9	VII
		55	50	18	64	35	36	20	16	15	12	5	326		

Source: Primary Data

FINDINGS OF THE STUDY

- 40% of the respondents are manufacturer exporter in exporting dairy products, 36.4% have invested their own capital in exporting business.
- 36.4% have experienced between 6-8 years and 32.7% of the respondents opined that they are exporting dairy products weekly and based on order received.
- 27.3% majority of the respondents are exporting ghee to various countries, and following that few of them are give least preferences in exporting cheese and custard.
- 38.2% annual turnover was 26-50 Lakhs and 21.8% of the respondents are exporting dairy products mostly to Bangladesh. .
- 38.2% are preferred multimodal transport for exporting and few are using Railways and 50.9% are using letter of credit is a best mode of payment and 27.3% of the respondents prefer flexible pouch for packaging dairy products.
- 21.8) are selecting their packaging material for dairy products based on their storage conditions and consumer needs and 32.7% of the respondents are availing the services from the government regarding quality and safety services for dairy products.
- 45.4% have said that services rendered by government are average and 72.7% of the respondents are a permanent member of APEDA.
- 23.6% respondents have facing the problems regarding labour intensity at the time of warehousing,61.8% of the respondents are very optionally under the government policies and 61.8% of the respondents are very optionally affected by the road infrastructure.
- 60% are very optionally affecting by the low productivity of milk consumption,65.5% of the respondents have affecting at the time of marketing dairy products and 56.4% of the respondents have affecting by the larger dairies due to large consumption.
- 74.5% are very optionally affecting by weather, space constraints at the time of exporting, 58.2% of the respondents have been affected by distribution channels and most of the respondents (38.2%) are availing the schemes regarding strengthening infrastructure for quality and clean milk production from APEDA.
- 20% of the respondents are eligible for NABARD subsidy in dairy farming for milk union and dairy cooperative societies, 50.9% are satisfied with the awareness program conducted by the government for dairy exporters and 29.1% of the respondents have adopted competitive pricing and cost plus pricing is a best pricing policing for dairy export concern.
- 31% of the respondents have maintained the quality of freshness for their products when they are testing the dairy products, 38.2% of the respondents have adopted to strengthen their dairy product by giving samples and 63.6% of the respondents have not participated in any trade fairs and few of them 36.4% respondents have participated in trade fairs for creating awareness among dairy farmers.

RECOMMENDATIONS OF THE STUDY

- ❖ Global Perspective: Indian dairy industry should plan for reach out to newer markets, but the strategy here is more products specific. Indian dairy industry should plan to expand across the board. Many people are attracted to products that are free of chemicals and are manufactured naturally. Follow the government guidelines to get the organic seal to include in product advertising and packaging.
- ❖ Constraints in Milk Marketing: The main constraints for small scale household dairy production were land shortage, feed shortage and inefficient veterinary service, low genetic potential of indigenous cows, disease prevalence, and high feed cost fluctuation and poor transportation access to sell produced milk. Low productivity of milk animals is a serious constraint to dairy development. The dairy sector holds high promise as a dependable source of livelihood for the vast majority of the rural poor.
- ❖ Challenges: The Indian dairy industry needs to focus simultaneously on the four- fold challenge of quality, product development, and infrastructure support development, and global marketing.
- ❖ Employment Opportunities: Increase rural employment opportunities through entrepreneurship. Agriculture has played a major role in Indian economy as it provides employment to 45% population and also provides inputs for agro-based industry. Livestock has been appeared as subsistence sector dominated by small holders to fulfill their needs of milk, food and cash income on daily basis. In the rural areas, live stock is considered as a more secure source of income for the small farmer and landless poor people.

- ❖ Government Services and Schemes: Role of credit institutions is limited towards small livestock farmers due to which the influential people get the credit. Government of India is making efforts for strengthening the dairy sector through various central sector schemes like “National programme for bovine breeding and dairy development” National dairy plan and “Intensive dairy development programme” and also government should take steps regarding dairy farmers for promoting various services and schemes.
- ❖ Subsidy for Dairy Farming: Subsidy is a form of financial support from government to promote dairy farming in India. The primary capital subsidy is from central government which is managed through NABARD. State government also provides support through subsidized fodder seeds, medicines, equipments and veterinary services.

CONCLUSION OF THE STUDY

The major constraint in milk marketing is the involvement of the unorganized sector. Changing the dairy-cooperative laws and regulations can reduce the unorganized sector’s milk marketing. The main cause of low milk production of our dairy animals is the poor availability of nutrients in quality as well as quantity. This is major issue for development of dairying. By enhancing the quantity and quality of feeds, livestock production can be improved up to 50% from exiting genetic pool of animals. Indian dairy industry is one of the largest and fast growing industries in the country which provide ample job opportunities and contribute significantly to the economy of the country. The dairy sector in the India has shown remarkable development in the past decade and India has now become one of the largest producers of milk and value-added milk products in the world. Governments also have taken steps to encourage the dairy farmers to increase exports and by promoting schemes and subsidy for strengthening the dairy sector industry.

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