CHAPTER I
INTRODUCTION

Agriculture along with animal husbandry has been and will continue to be the lifeline of Indian economy. India is the highest milk producer in the entire globe. India is well known as the ‘Oyster’ of the global dairy industry, with opportunities galore for the entrepreneurs globally. It is the most important sector of the Indian economy particularly in poverty alleviation and employment generation.

This sector contributes close to one-fourth of India’s National income and total work force engaged in agriculture is about 60 per cent. The success of White Revolution in India has largely been written by millions of small holders. About 70 million dairy farmers produce more than 50 per cent of the milk in the country.

The country’s milk supply comes from millions of small producers, who are dispersed throughout the rural areas. Mostly, ample labour and a small land base encourage farmers to practice dairying as an occupation subsidiary to agriculture. As income from crop production is seasonal, dairying provides a stable income which is a year-round income and also it is an important economic incentive for the small farmer. The growth of Indian Dairy Industry during the last three decades has been impressive, at more than 5% per annum; and in the 90's, the country has emerged as the largest producer of milk. India had tremendous milk production in 40 years and has become the world’s largest milk-producing nation with a gross output of 84.6 million tons in 2001.

The Indian Dairy Industry has achieved this strength of a producer-owned and professionally-managed cooperative system, despite the facts that a majority of dairy farmers are illiterate and they run small, marginal operations and for many
farmers, selling milk is their sole source of income. More than 10 million dairy farmers belong to 96,000 local dairy cooperatives, who sell their products to one of 170 milk producers’ cooperative unions who in turn are supported by 15 state cooperative milk marketing federations.

In India, dairy business has been practiced as rural cottage industry over the years. Semi-commercial dairy started with the establishment of military dairy farms and co-operative milk unions throughout the country towards the end of the 19th century. Since Independence, this Industry has made rapid progress. A large number of modern milk and milk product factories have since been established. The organized dairies in India have been successfully engaged in the routine commercial production of pasteurized bottled milk for Indian dairy products.

India, in the early 1950's was commercially importing around 55000 tonnes of milk powder annually to meet the urban milk demand. Most of the significant developments in dairying have taken place in India in this century only. The Indian Dairy Industry specializes in the procurement, production, processing, storage and distribution of dairy products. India, as nation stands first in its share of dairy production in the international scenario.

The Indian Diary industry which is in the developing stage provides gainful employment to a vast majority of the rural households. It employs about 8.47 million people on yearly basis out of which 71% are women.

In India, about 60 per cent of milk is consumed in liquid form, while the remaining 40 per cent is used in the form of butter, clarified butter (desi ghee), cheese, curd, paneer, ice cream, dairy whiteners and traditional sweets. Being the world’s largest producer and consumer of dairy products, India represents one of most lucrative dairy markets.
Dairy market in India is quite huge and according to an estimate, the unorganized milk and milk product market is about Rs 470 billion while the market for processed organized dairy segment is only Rs 10000 crores. The market is currently growing around 5% pa in volume terms. There is an impressive level of processing i.e. 22% in organized sector. The dairy exports in 2007–08 rose to US$ 210.5 million against US$ 113.57 last fiscal, whereas the domestic dairy sector is slated to cross US$ 108 billion in revenues by 2011.

**Statement of the problem**

Milk and milk products are one of the important components of the Indian food industry. Consumption of milk and milk products is deeply rooted in our tradition and it is an essential item during rituals, festivals and other auspicious events. It has now emerged as the second largest agricultural produce next to rice production and contributing substantially towards the importance of agricultural produce in particular and national economy in general. In view of larger consumption of dairy product, Indian dairy industry has been witnessing rapid growth with liberalization and is considered as an instrument for social and economic development. Like any consumable product, dairy products captured a significant portion in the day to day life of the people. There seem to be a good response from consumers for not only milk which is an essential product but also for other dairy products. In view of growing demand for dairy products, it is felt that an attempt on studying customer preference towards dairy product would bring out a useful piece of research work and hence, this study.

**Objectives of the study**

The following are the objectives of the study

1. To study the customers awareness about various brands of dairy products.
2. To study the existing practices of customers regarding purchase of dairy products.
3. To study the customers’ ideas, opinion and preference for various brands of dairy products.
4. To study the customers satisfaction towards the purchase and the use of dairy products.
5. To study the problem faced by the customers in using dairy products.
6. To study the retailers of dairy products with regard to marketing of dairy products.
7. To offer suggestions on the basis of results of the study.

Methodology of the study

I) Area of the study

Area of the study refers to Coimbatore city which is known for textile mill, hospitals and educational institutions. It is known as the Manchester of South India. Coimbatore is now becoming a city of tidal park. In view of the larger establishment of business houses and institutions, people in Coimbatore have an opportunity to have their own lifestyle and affordability.

II) Sources of data

Data were collected from customers who are buying various brands of dairy products by using interview schedule method. For the purpose of the study two interview schedules have been prepared one for customers and another for retailers in a comprehensive and simple manner so that the respondents are able to express their views freely and frankly.

III) Sampling design

The study has used primary data only. The data were collected from 500 customers and 50 retailers by using convenience sampling technique.

IV) Tools for analysis

The following statistical tools were used for analyzing the data.

- Percentage analysis
Chi-square analysis
Average rank analysis
Average score analysis
Correlation analysis
t – test
Multiple regression analysis
Analysis of variance
Factor analysis
Z - test
Gap analysis

All the statistical tests are performed @ 5% level of significance.

Limitations of the study
Data were collected from 500 customers and 50 retailers and the study has been confined to Coimbatore city only.

Chapter scheme
Chapter I: Introduction
This chapter deals with introduction, statement of the problem, objectives of the study and limitations.

Chapter II: Review of literature
This chapter deals with review of various studies made relating to area of the study.

Chapter III: An overview of Indian dairy industry and marketing of dairy products
This chapter presents the theoretical aspect relating to dairy industry and marketing of dairy products.
Chapter IV: Analysis and Discussion

This chapter presents analysis and interpretations of data.

Chapter V: Findings and conclusion

This chapter presents findings of the study, recommendations and conclusion.