CHAPTER-II

REVIEW OF LITERATURE

A brief review of studies, which have a direct or indirect bearing on the objectives of the present study, is attempted in this chapter. Commensurate with the objectives of the present study, the available literature was scanned and is briefly reviewed and presented under following heads.

2.1 The growth of sales

2.2 The financial performance

2.3 The financial health and long term viability

2.4 The problems faced by member producers

2.5 The customer’s satisfaction level

2.1 The Growth of Sales

Chellaswamy and Revathi (2013) studied the growth and productivity of Indian Sugar Companies. They analyzed the growth and trend of selected Sugar companies in India for the period of 10 years. The data were appropriately tabulated and classified to analyze the tools like annual compound growth rate, trend analysis by method of least squares. Multiple Regression analysis was used to ascertain its impact on variables and they were tested by 5% level of significance. The analysis revealed that the relationship between raw materials and other independent variables i.e. the capital, labour and sales. It was concluded that the growth of the northern region had positive growth in terms of output, capital employed and also there is better rainfall and irrigation in this region than that of the southern region.

Ohlan (2014) studied the growth and instability in dairy production and trade. The study investigated the pattern of growth and instability in the production and trade of dairy products at the global level and in the world leading producers, exporters and importers in the context of the World Trade Organization (WTO) regime using the log linear regression model, decomposition analysis and standard deviation of growth rate. He found that under the WTO regime for the world at large and in most of the leading producers, the growth rate of milk production has increased statistically significantly while its instability has declined. It indicated that high rate of growth in milk production does not cause high instability. The findings suggested that there is a need for enhancing
the domestic dairy production by focusing on improvements in yield and encouraging
the processing of milk to meet the fast-growing demand for a large lacto-vegetarian
populated country like India.

Manjunatha et al. (2016) studied the economic analysis of growth trend and
strategies for organized dairy plant in Karnataka. Kolar and Chikkaballapur districts
operating under Kolar Milk Union (KOMUL) was purposively selected for the study.
A time series data on total number of DCSs functioning, total number of members of
DCSs, quantity of milk procured per day and quantity of liquid milk, curd and ultra-
high temperature milk sold per day were computed for a period of 1993-94 to 2012-13.
Simple conventional method of tabular presentation was used in order to show the
growth trend on total number of DCSs functioning, total number of members of DCSs,
quantity of milk procured per day and quantity of liquid milk, curd and ultra-high
temperature milk sold per day. The compound growth rate for the period 1993-94 to
2012-13, in respect of total number of DCSs functioning, total number of members of
DCSs, quantity of milk procured per day and quantity of liquid milk, curd and UHT
milk sold per day, recorded 4.03, 3.11, 4.07, 10.89, 19.56 and 27.20 per cent,
respectively and were highly significant. Among the all products which were
manufactured by Kolar Milk Union, good life (UHT milk) demand has been steadily
increasing besides there is good profit margin as well. Hence, it is suggested that efforts
are to be made to reduce the variable costs further to generate higher profits.

Panda (2016) analyzed retail sector in India and its issues, growth and
challenges. He focused on likely impact of global players in Indian retail industry,
changing face of retail industry, organized or unorganized retail industry, major players
in retail industry and also highlights the challenges faced by the industry in near future.
Data presented in the form of tables and analyzed in form of per cent trends and chart.
The total retail spending is estimated to be double in the next five years. The organized
retail- growing at a Compound Annual Growth Rate (CAGR) of 22 per cent. He found
that Indian retail industry is expected to grow from US$640 billion in 2015 to US$1300
billion by 2020.

Uمامageswari et al. (2016) analyzed the growth in organized dairy sectors of
Tamil Nadu. The study was carried out in Coimbatore and Tiruppur districts of Tamil
Nadu which happen to be relatively the progressive districts in dairy development in
the state. Two representatives organized dairy plants one from cooperative and another
from private sector in the districts Coimbatore and Tiruppur were selected, respectively. The pattern of milk procurement and distribution of milk and milk products by cooperative and private dairy was analyzed, and the growth rate was estimated by using CAGR analysis. The researchers concluded that cooperative and private dairy are strategically focusing on emerging segment to increase sales by offering a wider range dairy products.

Farooq et al. (2017) studied critical analysis on sale and production of milk and milk products. They used compound growth rate and statistical techniques to provide the relevant conclusions. The results revealed that the growth rate of production of milk during the year 2013-14 to 2014-15 showed increased trend from 0.98 per cent to 2.23 per cent. The per capita availability of milk during the year 2009-10 was 379 g/day but in 2012-13 the annual growth rate of per capita availability was 10.23 per cent showed negative trend in growth rate. They concluded that the production of milk during the year 2013-14 to 2014-15, the growth rate is increased from -0.98 per cent to 2.23 per cent. The per capita availability of milk during the year 2009-10 was 379 g/day but in 2012-13 the annual growth rate of per capita availability was 10.23 per cent unfortunately it was negative growth. The highest growth rate of per capita availability was high during the year 2007-08 which was 6.90 per cent. The study also concluded that there was negligible growth in sales of pouch milk in 2014-15.

Narayan (2017) analyzed impact analysis of Soybean in supply of edible oil in India. For the purpose of the study, secondary time series data regarding area, production and productivity of Soybean crops 1970-71 to 2014-15 decade were collected and analyzed the impact of before and after launching Technology Mission on Oilseeds (TMO) during 1986-87 to 2014-15. The annual compound growth rate and instability were analyzed for all oilseed crops. The demand-supply, availability for consumption of edible oil and import CGR were also analyzed. The availability of input constraints and MSP of various oilseeds were also analyzed. It was concluded that production of soybeans would increase farm income and provides a cheap sources of supply of high quality protein and edible oil suitable for human consumption.

Narayan (2017) analyzed recent demand-supply and growth of oilseeds and edible oil in India. The secondary time series data regarding area, production and productivity were collected. The annual compound growth rate and instability were analyzed all oilseed crops, however the state wise area, production, yielding changing
pattern analyses after launching TMO 1986-87 to 2013-14 as per the data available. The demand supply, availability for consumption of edible oil and import were also analyzed. The availability of input constraints and MSP of various oilseeds were also analyzed. He concluded that the demand for edible oils in India has shown a steady growth at a CAGR of 4.96% over the period from 2001 to 2015. The growth has been driven by improvement in per capita consumption, which in turn is attributable to rising income levels and improvement of living standards.

2.2 The Financial Performance

Sedaghat (2006) analyzed the economic viability of production and processing of pistachio in Iran both in short run and long run. Two stage cluster random sampling technique was adopted for selection of sample. In the first stage 40 villages and in the second stage 100 sample farmers were selected randomly based on the population of each village. In addition to the sample farmers, 10 processors-cum-exporters were randomly selected. The economic viability of the three varieties of pistachio gardens, variety-wise, was assessed using the discounted cash flow measures. He concluded that production of three major varieties of pistachio was not economically viable in long run but viable in short run. However, the servicing and export terminals are economically viable both in short run and long run.

Chand and Jangid (2007) studied economic viability of henna in semi-arid Rajasthan. Total 100 farmers were selected based on the probability proportionate to the number of farmers in each selected village. On an average, it provides a net return of about Rs 8,300 per ha with BCR more than one, positive NPV and IRR higher than the opportunity cost of capital. Thus, they concluded that henna cultivation has been found profitable and economically viable and provides a sustainable income to the farmers of arid fringes of Rajasthan.

Gangwar et al. (2008) studied economic evaluation of peach cultivation in North Indian plains (Punjab and Uttarakhand). The economic life of peach orchards in Punjab and Uttarakhand was calculated for 24 years. The Internal Rate of Return (IRR) was found to vary from 20.98 per cent to 23.80 per cent depending on the size of peach orchards. The net present value, benefit-cost ratio and IRR at 12 per cent discount rate was Rs. 44,807, 1.681 and 22.20 per cent, respectively in an average situation. They concluded that the investment in peach orchards was found as a profitable business.
Reddy and Kumar (2010) studied mango processing plants at Chittoor district of Andhra Pradesh. Total 40 samples from small scale, 4 from medium scale and 2 from large scale units were selected. It was observed that the IRR of small firms (19.31 per cent) is the highest followed by that of large firms (17.5 per cent) and medium firms (13.87 per cent). The B: C ratio of small firms is higher than that of large firms for all the discount rates. On the other hand based on the NPV criteria, large firms (Rs.679.7) ranked first followed by small and medium firms (Rs.159.1) and (Rs.129.6) respectively at 10 per cent discount rate.

Pillai and Johnson (2011) evaluated the financial performance of Kerala State Cooperative Bank Limited and used three ratios to evaluate the financial efficiency of the bank. The ratios were inventory turnover ratio, working capital turnover ratio and fixed assets turnover ratio. All the three ratios indicated a fluctuating behaviour and a downward trend during the study period (2005-2010). They revealed that the working capital ratio was not encouraging as it was less than one (0.56).

Saleem and Rehman (2011) evaluated the impact of liquidity ratios on firm’s profitability of selected oil and gas companies in Pakistan by using the accounting approach. They studied the relationship between the liquidity and profitability so that every firm has to maintain this relationship while conducting its day to day operations. The results of the study showed that liquidity ratios had a significant impact on return on assets while the same ratios had no significant impact on return on equity (ROE) and return on investment (ROI). The results also show that ROE was no significantly affected by three ratios current ratio, quick ratio and liquid ratio while ROI is greatly affected by current ratios, quick ratios and liquid ratio.

Karthick et al. (2013) analyzed mango processing industry in Tamil Nadu. They quantified the cost and return and economic feasibility of starting mango pulp industry and also identified the problems faced by the processor. Net income realized from the industry was 272 lakh and net return per kilogram of pulp was Rs 3.61. Further financial ratio, operating ratio, gross ratio and rate of return on investment revealed the operational efficiency of firms. Financial feasibility analysis indicated that the investment on mango pulp processing plant is financially viable.
2.3 The Financial Health and Long Term Viability

Anjum (2012) studied business bankruptcy prediction models using Altman’s Z score model. He analyzed the bankruptcy prediction area by using Altman model and provided comparison of the different models. The study can be useful in predicting business failure. He used multiple discriminate analysis (MDA) statistical techniques to develop models and have included large and small firms, as well as private & publicly held firms. Dr. Altman’s model had been well researched and many pioneering studies have been done under his Z-score yardstick. He concluded that the significant changes done on the Altman equation have improved the predictability of bankruptcy.

Radhakrishna (2012) studied the rethinking insolvency laws in the Malaysian context. He analyzed financial distress as a condition where a company cannot meet nor has difficulty in playing off its current financial obligation due to the insufficient of working capital. The financial failure of insurance company cost money and it is worth to be concerned to prevent and minimizing the cost failure to the public. Normally, firms might face one of two possible conflicts when they enter financial distress that is a cash shortage on the assets side of the balance sheet or debt overhang in liabilities.

Sumita and Prashant (2014) carried out the analysis of financial health of Steel Authority of India Ltd. They reported that it is very common for companies to go through ups and down in terms of performance because of the impact of business cycle and other macro-economic variables, if the situation continues for a longer duration, the company may go into bankruptcy. If company has ability to improve the financial position, then Altman’s Z-Score is a useful tool to predict failure early. From the analysis, it can be concluded that Z-Score of Steel Authority of India Ltd. (SAIL) over a period of five years from 2005-06 to 2009-10 lies between 3.50 to 7.80. So it was predicted that bankruptcy is unlikely to occur in the next two years. Finally, it was be concluded that the overall financial health of SAIL is good.

Panery (2015) tested the financial health of Hindustan Petroleum Corporation limited through Z score model. The study was based on the secondary data collected from the Annual Report of HPCL, various websites, published information, magazines etc. for better reliability and authenticity. Ratio analysis (accounting technique) and multiple discriminant analysis (Statistical technique) was used by researcher to analyze the financial data collected from various sources and gave valuable suggestions for future growth. Researcher had evaluated financial health of Hindustan Petroleum
Corporation Limited (HPCL) through K.B. Mehta’s model, a modified version of Altman Z score Model. He concluded that HPCL is very good in terms of liquidity, profitability, productivity of assets, solvency and sales generating capacity of assets.

2.4 The Problems Faced by Member Producers

Roy and Rangnekar (2007) studied farmer participatory need-based extension (FPNE) approach for cooperative milk unions in Andhra Pradesh, India. The NDDB, Anand, facilitated trials for adoption of FPNE by the cooperative milk unions. He described the process of adoption of FPNE approach starting with orientation and sensitization of the cooperative milk union staff for participatory situation analysis, identification and characterization of priority needs/constraints and actions taken by the cooperative milk unions to overcome some of them. The trials also showed that participatory and systems approach can help in in-depth understanding of rural dairy business systems, perception of producers, particularly that of women producers, identification and characterization of constraints and in choosing appropriate approaches or technologies to overcome the constraints, with due involvement of producers. They concluded that there it is need to improve services, inputs, fodder resource, some animal health problems, types of dairy animals preferred and information need of the producers.

Shashidhara et al. (2007) analyzed the benefits and constraints in adoption of drip irrigation among the plantation crop growers of Shimoga and Davanagere districts of Karnataka. The Garrett ranking was used to analyze the constraints. They concluded that major constraints faced by the farmers in adoption of drip irrigation were non availability of quality material and no follow up services by drip agencies and other constraints like high initial investment cost, lack of capital to cover maximum holding under drip irrigation and delay in sanction of loan were experienced by the farmers.

Darandale et al. (2010) studied the constraints faced by cotton grower in management of cotton cultivation in the year 2009-10 in Vadodara district of Gujarat state. The Garrett ranking was used to analyze the constraints. It was revealed that high cost of inputs, fluctuation of rate, unavailability of seed at proper time, non-availability of labours, high cost of transportation, lack of timely technical advice, high rate of labour and non-availability of timely credits, the process of getting cotton crop insurance is complex, lack of market facilities, were perceived as the most serious constraints faced by cotton grower. The suggestions offered by cotton grower were the
constant minimum input prices, provide timely technical advice, good and healthy seed should be provided at proper time to an individual farmer or mass farmers.

Ravichandran and Banumathy (2011) studied the trend on area, production and price movement and constraints encountered in marketing of chilli in Guntur district of Andhra Pradesh. The study was done by using trend analysis and Garrett ranking. The trend analysis revealed that there was a meagre change in area under chilli but the production analysis showed that there is an increasing trend production in Andhra Pradesh. The analysis also revealed that there was a dip in the production in the year 2002-03 and 2005-06. In case of constraints, it was found that in marketing of chillies in regulated market, price fluctuation ranked as first with mean score 58.50. Forced sale and lack of finance were ranked as second and third, respectively. Lack of transport was ranked as fourth and the farmers gave fifth rank for lack of storage facilities.

Singh et al. (2012) identified the constraints perceived by members of Manipur Milk Producers’ Cooperative Union in practicing improved dairy farming. The study was conducted in the state Manipur to identify and quantify the various constraints faced by the dairy farmers of Manipur Milk Producers Cooperative Union in practicing the improved dairy farming practices. Four districts of Manipur namely Imphal east, Imphal west, Thoubal and Bishnupur were selected purposively because all the 88 registered milk cooperative societies are located in these districts. Five villages from one block each of the districts were selected randomly where registered milk cooperative societies were located. Six members those who were the members of cooperative society and owned the highest number of dairy animals were selected randomly to constitute a total sample size of 120 for the study. It was found that the most serious constraints encountered by the members in different areas of breeding, feeding, management, health care and fodder production in improved dairy farming practices were high cost in treatment of breeding related problem, high cost of feed ingredients, scientific management of dairy animals, high cost of veterinary medicines, and land for fodder cultivation respectively. It was also found that the farmer’s perception towards the overall constraints was highest in the area of health care practices.

Khan and Shah (2013) studied the constraints faced by tribal dairy farmers regarding dairy farming practices in Lohardaga district of Jharkhand. They found that majority of the respondents stated their constraint as lack of credit facilities for purchase
of feeds, fodders and mineral mixture, non-availability of diagnostic facilities, lack of artificial insemination facility, poor conception rate, non-availability of doctors, non-availability of essential medicines and high cost of treatment in dairy farming practices. There is an urgent need to simplify the procedures for availing credit and to obtain the credit at low interest for extensive and effective credit utilisation by the tribal dairy farmers. Diagnostic facilities should be provided in the tribal area by ensuring doctors availability. Medicines should be made available and there is a need to develop low cost treatment regimens. Timely artificial insemination facilities should be provided to the tribal dairy farmers which is the prime need and major factor deciding the dairy farming.

Madana (2015) studied the problems of dairy farming women’s in Hyderabad Karnataka regions. He has selected 200 women dairy farmers in Nalgonda district of A.P. The study was taken up in five districts of Hyderabad -Karnataka Region. From each district 50 respondents were selected by using stratified random sampling, and purposive random sampling method. The total sample size was 250. He has highlighted the socio economics aspects of the women dairy farmers in A.P. He revealed that women dairy farmer economic status has been improved through dairy farming.

Sharma (2015) studied the determinants of small milk producers’ participation in organized dairy value chains. The stratified random sampling procedure was used to select the states, districts, talukas’ and villages. The study was conducted in four states, namely, Gujarat from western region and Haryana, Punjab and Uttar Pradesh from northern region. The study has analyzed determinants of market channel choices of small milk producers based on farm household survey and has investigated what impacts these market channel choices may have on farmers’ income and technology adoption. He found that though there have been emerging milk marketing channels, the traditional sector still dominates. The analysis has indicated that small dairy farmers are not excluded from the cooperatives but are excluded from the modern private sector.

2.5 The Customers Satisfaction Level

Raju (2008) analyzed customer satisfaction towards photocopiers with respect to xerox in Hyderabad. A sample of only 200 respondents is chosen for the study. A 5 point scale of Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree is used. It is observed that xerox is widely used (More than 50%) by jobbers followed by canon, ricoh and gestetner. The study focused on xerox, every calculation was done on the 109
respondents who uses xerox copier only. The study revealed that 50 per cent of the total consumers preferred xerox; while 17 per cent chose canon and 7 per cent chose ricoh. The rest of them preferred other brands like Godrej, Minolta, Sharp and Toshiba. Market for xerox photocopiers is wide and ever growing and there is always a demand for them as they are the best quality photocopiers at reasonable price with better services.

Reena and Vadde (2010) studied the consumer behaviour towards women’s cooperative dairy (Swakrushi milk). The study examined the consumers’ behaviour towards milk consumption. The specific objectives were to know the regular source of milk, satisfaction to quality of milk products and their price; payment system, per capita consumption of milk and to provide implications for swakrushi and explores the preferable promotional channel of consumer in the milk industry. The structured questionnaire was administered on likert scale and numbers of respondents were 100 consumers from Swakrushi dairy of Mulkanoor town, Karimnagar district, India. Answers of questionnaires were tabulated and percentages of these were taken for analysis. It was concluded that majority of the consumers are purchasing milk from shops, commission agencies, consumers are satisfied with price, quality, and 74 per cent consumers pay by card. Electronic media is playing significant role to advertising dairy products. It is suggested that for more business quality, prices and services be improved to compete with other manufacturers.

Malik (2011) studied on determinants of retail customer satisfaction of organized retail outlets in Kurukshetra with 150 shoppers. The questionnaire used is multiple-choice and 5 point scale (5-highly satisfied to 1- highly dissatisfied) was used. The study revealed that the sub-dimensions of the product characteristics with the quality of product got highest score and percentage (26.23%), followed by variety of goods (25.05%). The study revealed that majority of the respondents is satisfied with the price as reasonable price. They have suggested that younger respondents demand branded products at reasonable and fixed prices and have a tendency to avoid bargaining.

Jamwal and Pandey (2014) studied the consumer behavior towards cooperative milk societies. The study has been based on both the primary and secondary data that mainly represents survey of the consumers of the Aanchal Dairy products in the vicinity of Pauri, Rudraprayag and Chamoli districts of Uttarakhand. The data have been
collected with the help of designed questionnaire containing the questions pertaining to the quality of the milk products and their availability etc. A total number of 152 respondents using packaged milk of various brands were interviewed. The selection of customers was done on convenient random sampling technique. The customers are satisfied with the price, packaging and thickness attributes of the Aanchal milk while the other dimensions like taste, smell, spoilage rate and availability are not satisfactory. The most preferred type of milk variety among the Aanchal milk was found out to be standard milk followed by full cream and toned milk.

Kumar et al. (2014) studied the empirical study on consumer’s satisfaction towards pasteurized milk. Descriptive research design was used in the study which is intended to cover Dindigul district. Data for this study were collected from primary as well secondary sources. 150 consumers were selected by using simple random sampling and chi square was used to know the factor significance. For the selection of samples suggestion of administrative authorities of K.S milk society was sought. The major factors considered by the consumers before purchasing milk are freshness, taste, quality, quantity, availability, cleanliness and timing. It was found that the majorities of the consumers are satisfied with the co-operative milk society and milk products because of its good quality, quantity and availability. Some consumers are not satisfied with the society milk because of its high price, lack of choice, inconvenient delivery and timing etc.

Nenavath (2014) studied the marketing effectiveness of customer satisfaction on dairy industry. The study was conducted in the Guntur district of Andhra Pradesh, India. The broader objectives of the study were to evaluate the effectiveness of the strategies of the Sangam dairy regarding customer preference and satisfaction of the products. Survey method was adopted for the study and both secondary and primary sources of data were used. The secondary data sources include Dairy India, Indian Dairyman, Yojana, Kurukshtera, National Journal of Rural Development, Indian journal Agricultural Economics, Kisan World etc., Primary data were collected from respondents on preferences and satisfaction about the Sangam dairy customer preference and satisfaction for the product in selected municipalities of Guntur and Ponnuru towns. The schedules were constructed to collect the primary information from the sample respondents in Guntur district, A.P, India. Data are collected by employing stratified random sampling method. The study revealed that in two towns of Guntur and
Ponnuru, the majority of respondents stated that the leakage problems is more in packaging.

Geeta (2015) studied the brand preference of packed milk in Rohtak district of Haryana. The sample size of 100 respondents was selected with the help of convenient sampling method. The primary data was properly collected with the help of the questionnaire and tabulated by using the simple percentage method. He concluded that majority of respondents purchase branded milk because of easy availability, taste, quality and reliability of the products, these are the factors which influence their brand loyalty but they are not satisfied with the admissible life, hygiene factors and health related standard of the branded packed milk. Competitions is also available in market for every brand, so branded milk like Amul, Mother dairy, Vita etc. should maintain its quality, taste, easily availability, freshness, convenience etc. In order to maintain the brand loyalty a company needs to strengthen their unique strategies.

Sangameswaran et al. (2016) studied the status of milk production in Salem district of Tamil Nadu. Multistage stratified random sampling procedure was adopted to select the sample milk producers. A total of 150 milk producers (75 from DCS +75 from Private agency) were interviewed with the pretested interview schedule. The major finding was that mean milk production of landless farmers was nearly equal to the mean milk production of milk producers possessing land (small farmers). The study also revealed that milk production in Salem district is characterized by milk producers belonging to landless and small and medium sized farmers. Majority of the milk producers were small holders with the herd size of 4-7. The non-significant differences among the means of their milk production indicated that milk production is not related to the age and education level of the milk producers.