

## **SWOT ANALYSIS AND STRATEGY FORMULATION FOR VILLAGE DAIRY COOPERATIVE SOCIETIES (VDCS) OF GUJARAT DAIRY SECTOR**

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### **ABSTRACTs**

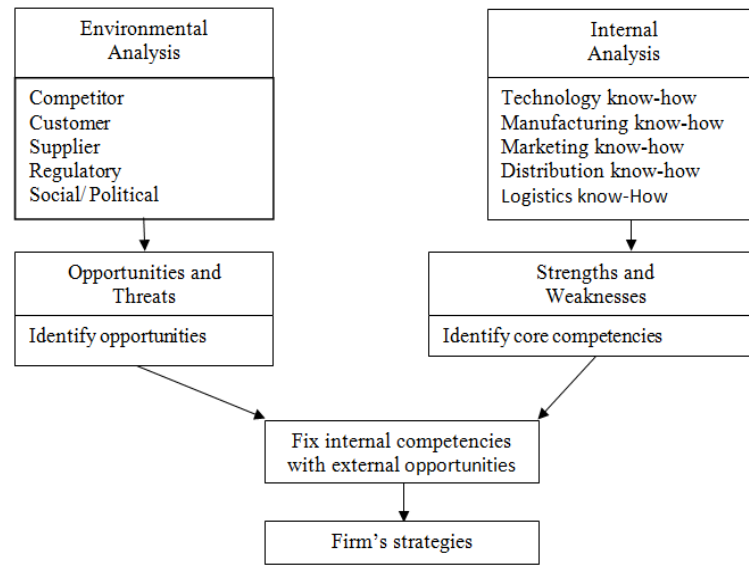
Dairying has become an important secondary source of income for more than 15 million rural families and has assumed an important role in providing employment and income generating opportunity for the most vulnerable sections of our population. For millions of small and marginal farmers as well as landless labourers, milk production provides ready cash in hand for fulfilling their daily household requirements. According to 2012 livestock census data, Gujarat had 9984 thousand cattle and 10386 thousand buffalo population. The daily milk yield per animal in the state for Cow (Crossbreed), Cow (indigenous) and Buffalo is around 9.08 kg/day, 4.19 kg/day & 5.15 kg/day, respectively. The present study covered all districts of the state and information was collected by using a questionnaire. After analysing the collected data it could be it can be concluded that for development of VDCS in Gujarat state polices should be formed in the line of following suggestions- All VDCS should be provided guidance of ISO certification, The prevailing imitative of government to promote gender equality by providing 33% women reservation should also be implemented in the VDCS also, Although, generally basic training is given but specific training programmes aimed at – Milk testing, adulteration, clean milk production, operations, record keeping, etc. is absolute necessary in the present globalised environment of the country, A range of Trainings related to – Business management skills, administration, quality initiatives, and IT services can be formulated and targeted to VDCS chairman/ Secretary. It should be materialized by union and A special drive to increases the number of VDCS in the remote areas as well as in the areas which are still uncovered across the state should be initiated.

**KEYWORDS:** Small Milk Producers, Gujarat Dairy, Cooperative Dairies, Dairy Business

### **INTRODUCTION**

#### **SWOT Analysis and Strategy Formulation**

Although definitions differ, there is general agreement that a strategy describes the general direction in which an organization plans to move to attain its goals. Every well-managed organization has one or more strategies, although they may not be stated explicitly. A firm develops its strategies by matching its core competencies with industry opportunities. The following diagram lays out schematically the development of a firm's strategies. Kenneth R. Andrews advanced this basic concept. According to Andrews, strategy formulation is a process that senior executives use to evaluate a company's strengths and weaknesses in light of the opportunities and threats present in the environment and then to decide on strategies that fit the company's core competencies with environmental opportunities (Anthony and Govindrajana, 2011)



**Figure 1**

## STRATEGY FORMULATION PROCESS

**Source:** Management Control Systems by Anthony and Govindrajana (2011), page 57.

### Analysis of the Strengths, Weaknesses, Opportunities, and Threats (SWOT) That Affect Organizational Performance

**Strengths:** Positive internal characteristics that the organization can exploit to achieve its strategic performance goals.

**Weaknesses:** Internal characteristics that might inhibit or restrict the organization's performance.

**Opportunities:** Characteristics of the external environment that have the potential to help the organization achieve or exceed its strategic goals.

**Threats:** Characteristics of the external environment that may prevent the organization from achieving its strategic goals.

## INDIAN DAIRY SECTOR

Dairying has become an important secondary source of income for more than 15 million rural families and has assumed an important role in providing employment and income generating opportunity for the most vulnerable sections of our population. For millions of small and marginal farmers as well as landless labourers, milk production provides ready cash in hand for fulfilling their daily household requirements.

In India, milk production is scattered in large number of villages in small quantity of two to four liters by milch animals. The average milk production per animal per lactation is around 1400 liters which is much below the world average of 2300 liters. (Rajorhia, G.S.2013) The milk productivity of crossbred cows, Indigenous cows and of buffaloes in India is very low. It is 6.45, 1.97 and 4.3 Kg per day respectively. The unorganized sector comprises of numerous small and /or seasonal milk producers/trader (popularly known as halwais).

**METHODOLOGY**

The study was spread over the entire state and primary data was collected by way of a Questionnaire. The study covered all 26 Districts of Gujarat state, 227 talukas and further, three villages were selected from each taluka. In total 681 villages from the state were selected and data was collected from VDCS belonging to the villages.

**RESULTS AND FINDINGS**

After analysing the data, the following SWOT analysis was carried out.

**Table 1: Strategy Formulation for VDCS of Gujarat Dairy Sector.**

Internal Analysis		Environmental Analysis	
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>• Most of VDCS are registered.</li> <li>• Young and literate employees of VDCS</li> <li>• ICT facility available in terms of computers.</li> </ul>	<ul style="list-style-type: none"> <li>• Still all VDCS are not ISO certified, not covered by BMC, less female representation in management.</li> <li>• Not all VDCS are connected by SAP.</li> <li>• Lack of awareness of professional skills, quality aspects and very less emphasis on Training and Record keeping.</li> <li>• Lack of Instruments and trained manpower for checking adulteration.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in road connectivity,</li> <li>• Increase in Electricity availability,</li> <li>• Constantly rising milk prices, increasing demand of milk and milk products increasing population and increasing incomes and changing lifestyles of consumers.</li> <li>• Spread of ICT in the country is favourable for any business in the present era.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of availability of credit facility for VDCS.</li> <li>• Milk collection by unorganized sector such as “Middleman” is still prevalent at village level.</li> <li>• Influence of government in functioning of cooperatives.</li> </ul>



Suggested Strategies
<ol style="list-style-type: none"> <li>1) Conduct a special drive for ISO certification, BMC coverage and women representation in management in all VDCS.</li> <li>2) A drive for increasing membership of VDCS.</li> <li>3) Improve Quality of milk collected by focusing on Clean Milk Production, acquiring instruments for testing Chemical, Physical and Microbial Quality of milk.</li> <li>4) Encourage training of VDCS staff in milk testing, Record keeping, and ICT skills.</li> <li>5) Cooperative principles of democracy, fairness and cooperation must be observed.</li> </ol>

**SUGGESTED POLICIES FOR VDCS**

In order to ensure that most of the above mentioned strategy get implemented in the intended area, the following policy /policy guidelines have been framed.

Table 2

	Findings	Suggested Policy	Output
1	<b>ISO Certification:</b> Only 54% of the VDCS were ISO certified.	<ul style="list-style-type: none"> <li>All VDCS should be provided guidance of ISO certification.</li> </ul>	<ul style="list-style-type: none"> <li>ISO certified VDCS will improve the operational and quality aspects of VDCS.</li> </ul>
<b>Table 2:Condt..</b>			
2	<b>Poor representation of Women</b> in administration activities of VDCS: Around 92% of VDCS Secretary/ chairman were male	<ul style="list-style-type: none"> <li>The prevailing imitative of government to promote gender equality by providing 33% women reservation should also be implemented in the VDCS also.</li> </ul>	<ul style="list-style-type: none"> <li>Gender equality.</li> <li>Women empowerment.</li> </ul>
3	<b>Training of VDCS staff</b> Only 23 staff members of VDCS were sent for various training programmes in a given year.	<ul style="list-style-type: none"> <li>Although, generally basic training is given but specific training programmes aimed at – Milk testing, adulteration, clean milk production, operations, record keeping, etc. is absolute necessary in the present globalised environment of the country.</li> </ul>	<ul style="list-style-type: none"> <li>Uplift the confidence of VDCS staff and also upgrade their skills to the global levels.</li> </ul>
4	<b>Young and literate VDCS Secretary:</b> <ul style="list-style-type: none"> <li>Most of the VDCS chairman/ Secretary were literate.</li> <li>Most of the VDCS chairman/ Secretary are in fairly young age group.</li> </ul>	<ul style="list-style-type: none"> <li>A range of Trainings related to – Business management skills, administration, quality initiatives, and IT services can be formulated and targeted to VDCS chairman/ Secretary. It should be materialized by union.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in management, operational and technological aspects of VDCS which will ultimately increase its professionalism.</li> </ul>
5	<b>Development in Infrastructure facility across the state</b> <ul style="list-style-type: none"> <li>Increase in road connectivity.</li> <li>Increase in number of BMCs.</li> <li>Increase in Electricity availability.</li> </ul>	<ul style="list-style-type: none"> <li>A special drive to increases the number of VDCS in the remote areas as well as in the areas which are still uncovered across the state should be initiated.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in share of milk by organised sector.</li> <li>Increase in the better dispersion of veterinary and other services to member milk producers</li> </ul>

## CONCLUSIONS

After analysing the collected data it could be it can be concluded that for development of VDCS in Gujarat state polices should be formed in the line of following suggestions- All VDCS should be provided guidance of ISO certification, The prevailing imitative of government to promote gender equality by providing 33% women reservation should also be implemented in the VDCS also, Although, generally basic training is given but specific training programmes aimed at – Milk testing, adulteration, clean milk production, operations, record keeping, etc. is absolute necessary in the present globalised environment of the country, A range of Trainings related to – Business management skills, administration, quality initiatives, and IT services can be formulated and targeted to VDCS chairman/ Secretary. It should be materialized by union and A special drive to increases the number of VDCS in the remote areas as well as in the areas which are still uncovered across the state should be initiated..

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## ACKNOWLEDGEMENTS

This research article has been prepared from the work carried out under the Research Project entitled “Challenges, Opportunities and Expectations of Stakeholders of Dairy Industry of Gujarat and its Implication for Strategy and Policy Formulation: An In-depth study” which was sponsored by Indian Council of Social Science Research (ICSSR), New-Delhi-11006. The authors acknowledge the support extended by ICSSR.

